

*Official Statement**San Diego Unified School District**Public School Building Corporation**San Diego County, California**\$28,300,000 1977 Refunding Bonds, Series A*

*Estimate + engineering, municipal financing consultants
San Diego - Economic Development
School Bonds - California - San Diego*

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Bids to be received by the Corporation on Tuesday, June 14, 1977, at 10:00 A.M. at the San Diego Unified School District Education Center, Second Floor Conference Room, Room 2249, 4100 Normal Street, San Diego, California 92103.

OFFICIAL STATEMENT

SAN DIEGO UNIFIED SCHOOL DISTRICT PUBLIC SCHOOL BUILDING CORPORATION SAN DIEGO COUNTY, CALIFORNIA

\$28,300,000 PRINCIPAL AMOUNT REFUNDING BONDS, SERIES A

Miss Pauline des Granges, *President*

Mr. Charles W. Patrick, *Vice President*

Dr. J. J. Kimbrough, *Treasurer*

Mr. Rolf Haas, *Secretary*

Dr. Brage Golding, *Director*

Mr. Jess R. Macias, *Director*

Mr. Arthur H. Marston, Jr., *Director*

Mr. A. B. Polinsky, *Director*

Mr. John R. Schell, *Director*

San Diego Unified School District Board of Education

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Dr. Thomas A. Shannon, *Deputy Superintendent, Administration*

Dr. Ralph Patrick, *Deputy Superintendent, Operations*

Mr. Charles T. Glenn, *Assistant Superintendent, Business Services*

Dr. Harold W. Culver, *Director, Land & Facilities Planning*

Mr. Ronald Oakes, *Controller*

Mr. Ralph D. Stern, *Schools Attorney*

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Financing Consultants

California First Bank, *San Diego, California*
Trustee

Chase Manhattan Bank N.A., *New York, New York*
Paying Agent

Continental Illinois National Bank and Trust Co., *Chicago, Illinois*
Paying Agent

United California Bank, *Los Angeles, California*
Paying Agent

United California Bank, *San Francisco, California*
Paying Agent

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TO WHOM IT MAY CONCERN:

The purpose of this Official Statement is to supply information to prospective bidders on, and buyers of, \$28,300,000 principal amount of the 1977 Refunding Bonds, Series A, proposed to be issued by the San Diego Unified School District Public School Building Corporation.

The material contained in this Official Statement was prepared by Stone & Youngberg Municipal Financing Consultants, Inc., in the capacity of financing consultants to the Corporation and the San Diego Unified School District (which firm will receive compensation from the Corporation contingent upon the sale and delivery of the Bonds).

This Official Statement is not to be construed as a contract with the purchasers of the 1977 Refunding Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The agreements of the Corporation with the purchasers of the Bonds are set forth in the Indenture. That document will be available to any prospective investor in the Bonds. Reference is hereby made to that document for a complete statement of the rights and obligations of the Corporation and holders of the Bonds.

No dealer, broker, salesman or other person has been authorized by the Corporation to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

The Corporation will deliver to the purchaser of the Bonds a certificate of the President of the Board of Education of the San Diego Unified School District, dated the date of bond delivery, stating that as of the date hereof, to the best of the knowledge and belief of said official, the Official Statement does not contain an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and further certifying that the signatory knows of no material adverse change in the condition of the District which would make it unreasonable for the purchaser of the Bonds to rely upon the Official Statement in connection with the resale of the Bonds, and authorizing the purchaser of the Bonds to distribute copies of the Official Statement in connection with the resale of the Bonds. 500 copies of the Official Statement will be supplied to the purchaser of the Bonds for this purpose.

The opinion of Orrick, Herrington, Rowley & Sutcliffe, San Francisco, California, Bond Counsel to the Corporation, will be furnished to the successful bidder (see the section entitled "Legal Opinion" herein). The scope of Bond Counsel's employment in connection with the review of this Official Statement has been limited to reviewing the statements of law and legal conclusions set forth herein under the sections titled "San Diego Unified School District Public School Building Corporation" and "The Bonds."

Dated May 12, 1977

SAN DIEGO UNIFIED SCHOOL DISTRICT PUBLIC
SCHOOL BUILDING CORPORATION

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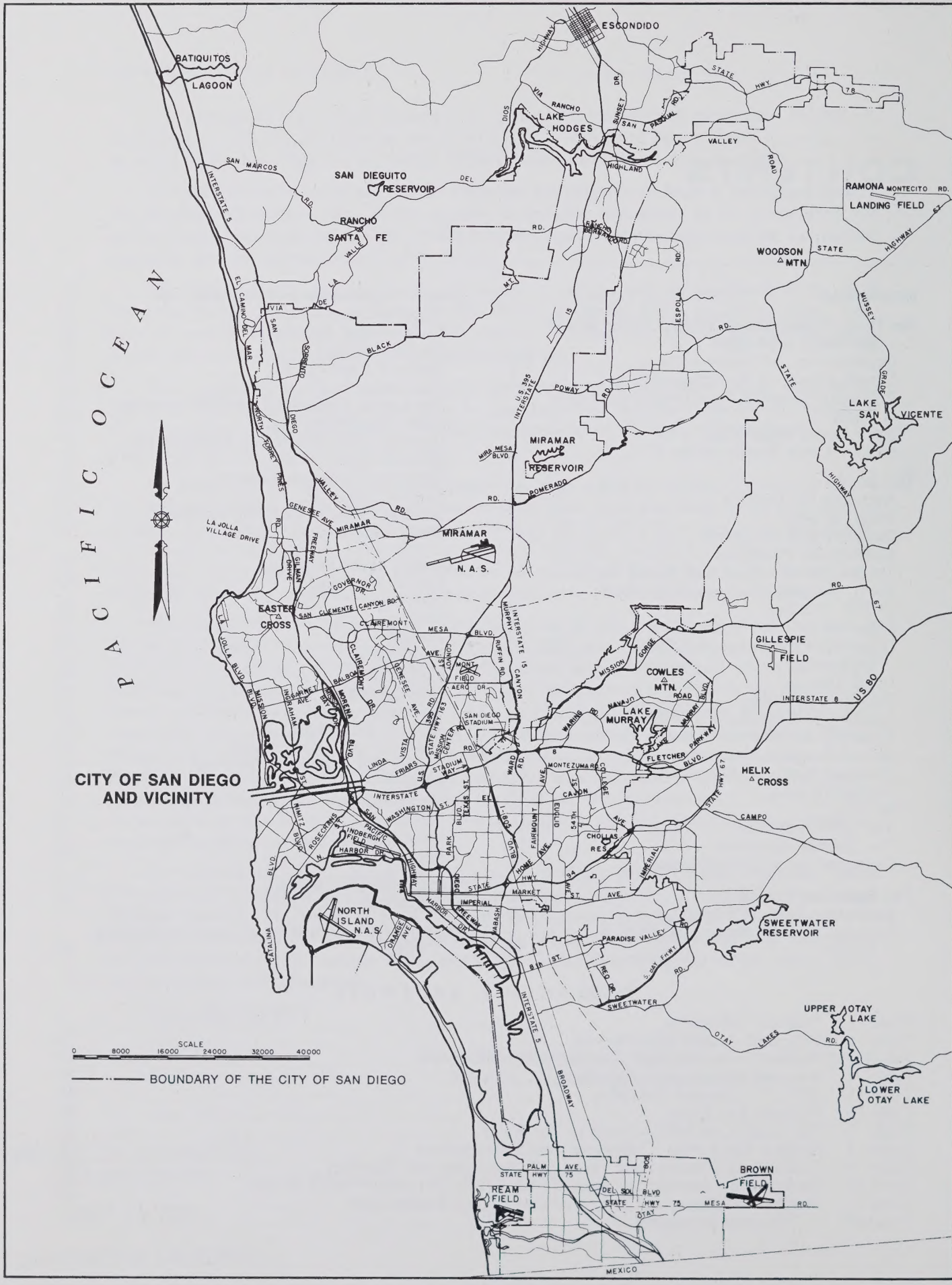
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AND VICINITY**

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SCALE

— BOUNDARY OF THE CITY OF SAN DIEGO

INTRODUCTION

The San Diego Unified School District Public School Building Corporation will use the proceeds of the \$28,300,000 San Diego Unified School District Public School Building Corporation 1977 Refunding Bonds, Series A currently being offered for sale to redeem on January 1, 1987 \$28,400,000 principal amount of 1975 Series A Bonds maturing by their terms on July 1, 2000 (\$100,000 balance and \$994,000 redemption premium to be provided by the trustee on January 1, 1987 pursuant to the Escrow Agreement). The \$28,400,000 principal amount of term bonds will be redeemed on January 1, 1987 simultaneously with the release of the lien of the 1975 Indenture on the Site Lease (Project Phase I) and Facility Lease (Project Phase I).

An additional \$600,000 aggregate principal amount of 1975 Series A Bonds maturing by their terms on July 1, 2000 are redeemable on January 1, 1987 from the Series A Sinking Fund Account provided for in the 1975 Indenture.

The 1975 Series A Bonds provided funds for the acquisition and construction of eleven permanent elementary schools (Project Phase I). The specific elementary grade schools included were: Miramar Ranch, Ericson, Chesterton, Mason, Sandburg, Hickman, Walker, Dailard, Green, Penn, and Tierrasanta, including the acquisition of two existing privately-owned public school buildings situated at the latter school site.

The District is now leasing the various Project Phase I sites to the Corporation pursuant to provisions of a Site Lease dated July 1, 1975, to be amended by an amendment dated July 1, 1977, and the Corporation is now leasing back to the District the Project Phase I schools pursuant to provisions of a Facility Lease dated July 1, 1975, to be amended by an amendment dated July 1, 1977.

Up to and including January 1, 1987, the proceeds of the \$28,300,000 principal amount of 1977

Refunding Bonds shall be set aside in the Escrow Fund and be used to purchase the required Federal Securities which will mature on January 1, 1987.

The Federal Securities and any other moneys in the Escrow Fund shall be held in trust and invested pursuant to the provisions of the Escrow Agreement and the Indenture to pay when due the interest on the 1977 Refunding Bonds to and including January 1, 1987 at which time it will be transferred for application to the redemption of the 1975 Series A Bonds.

If for any reason all of the then outstanding 1975 Series A Bonds cannot be redeemed on January 1, 1987, the Corporation may redeem the 1977 Refunding Bonds at the principal amount plus accrued interest to the date of redemption without premium through the application of the proceeds of the Escrow Fund.

The San Diego Unified School District has operated as a unified school district since 1936. Over the five year period commencing in 1972/73, District assessed valuations (after adjustment for the redevelopment agency increment) have increased from \$1,786,000,013 to \$2,863,981,313 or an increase of 60.4%. Over that same period, assessed valuation per unit of average daily attendance has increased approximately 65.5 percent. Average daily attendance of \$125,356 in April, 1977 represents a decrease of approximately 3.1 percent since 1972/73.

The Corporation's Series of 1977 Refunding Bonds Series A currently being offered for sale will not affect the Corporation's or District's direct debt. The total of the Corporation's and District's direct debt is \$104,695,986 or 3.66% of assessed valuation and 0.92% of estimated real value. Net direct and estimated overlapping debt is 6.60% and 1.66% of assessed valuation and estimated real value, respectively. \$37,250,000 1975 Series A and \$35,000,000 1975 Series B Bonds are included for informational purposes only since they are not a debt of the District.

SAN DIEGO UNIFIED SCHOOL DISTRICT PUBLIC SCHOOL BUILDING CORPORATION

Organization and Membership

The San Diego Unified School District Public School Building Corporation, herein referred to as the "Corporation", was formed in December, 1974, as a nonprofit corporation pursuant to the General Nonprofit Corporation Law of the State of California (Title 1, Division 2, Part 1, of the California Corporations Code). The purpose of the Corporation is to provide financial assistance to the San Diego Unified School District, San Diego County, California, herein referred to as the "District", by financing the acquisition, construction, improvement and remodeling of public school buildings and facilities for the District.

The Corporation functions as an independent entity and its policies are determined by a nine-member Board of Directors who are community leaders and residents of the District. The corporate directors receive no compensation for work or service performed as corporation directors. All staff work is done by the district staff or by consultants to the Corporation since the Corporation has no employees.

The members of the Board of Directors are:

President: Pauline des Granges, Park and Recreation Director of the City of San Diego (1972-1974). Miss des Granges, an active participant in park and recreation professional organizations at the local, state and national levels, has served as: Director, American Park and Recreation Society; President, California Recreation Society; President, Recreation Department, League of California Cities; and delegate to the President's National Conference on Youth Fitness and White House Conference on Children and Youth.

Vice President: Charles W. Patrick, Deputy Superintendent of the San Diego Community College District (1971-1974). Mr. Patrick served as

a member of the President's National Advisory Council on Vocational Education; Commissioner, California Apprenticeship Council; President, National Council of Local Administrators of Vocational Education; and member of the Board of Directors of the American Technical Education Association.

Treasurer: Dr. J. J. Kimbrough, Past President and Secretary of the California State Board of Dental Examiners. Dr. Kimbrough has served as: President, San Diego Urban League; President, San Diego Branch of the N.A.A.C.P.; and a member of the Board of Directors of the Community Welfare Council, Downtown City Y.M.C.A., San Diego County Dental Society, and California Children's Home Society.

Secretary: Rolf Haas, insurance agent, long active in civic affairs, served on the Executive Board of the San Diego/Imperial Counties Labor Council, AFL-CIO and the Civil Service Commission, City of San Diego. Mr. Haas has also served as: President, Family Association of San Diego; and Chairman, Scenic Highways Element, San Diego County Planning Commission.

Director: Dr. Brage Golding, President, San Diego State University. Dr. Golding previously served as Founding President, Wright State University (Dayton, Ohio); Vice President, The Ohio State University; Vice President, Miami University; Head, School of Chemical Engineering, Purdue University; and Director of Research, Lilly Industrial Coatings Co.

Director: Jess R. Macias, Group Engineer, Teledyne Ryan Corporation. Mr. Macias is serving the National Alliance of Businessmen in developing programs to increase job opportunities for minorities in San Diego. Mr. Macias holds the offices of President of the Spanish Speaking Political Association and President of Amigos de SERS. In educational matters, Mr. Macias has served on the San Diego Diocesan Board of Education and the University High School's Advisory Committee on Compensatory Education.

Director: Arthur H. Marston, Jr., a former Vice President, Broadway Department Stores. Mr. Marston, a San Diego merchant from 1932 to 1976, has served as President of San Diegans, Inc., a citizens' planning organization involved in the rehabilitation of the San Diego central business district; and Director, San Diego Chamber of Commerce.

Director: A. B. Polinsky, Chairman of the Board, Coca-Cola Bottling Company of San Diego. Mr. Polinsky has served as Chairman of the Board of the Greater San Diego Sports Association and founding director of the San Diego All American Stadium Committee, Inc. Organizations in which Mr. Polinsky has been a leading participant include: the San Diego Chamber of Commerce; N.A.A.C.P.; United Jewish Federation; National Alliance of Businessmen; United Community Fund; and School Bond Election Committees.

Director: John R. Schell, attorney, partner in the San Diego law firm of Glenn, Wright, Jacobs & Schell. Mr. Schell has served as Assistant United States Attorney of Los Angeles and San Diego; and, Arbitrator, Construction Industry Panel, American Arbitration Association.

Certain Powers of the Corporation

The powers of the Corporation are vested in, and exercised by, a majority of its directors. Under its Articles of Incorporation, the Corporation has all powers conferred upon nonprofit corporations by the laws of the State of California including the following:

(a) To borrow money and issue bonds, debentures, notes and other evidences of indebtedness, and to secure the payment of performance of its obligations by pledge, mortgage, transfer in trust or otherwise;

(b) To acquire, by purchase, exchange, lease, gift, devise, bequest or otherwise, and to hold, improve, lease, sublease, mortgage, transfer in trust, encumber, exchange, convey or otherwise dispose of real and personal property; and

(c) To assume any obligations, enter into any contracts and other instruments and do any and all things incidental to or expedient for the attainment of its corporate purposes or the issuance and sale of its securities.

Financing Procedures and Basic Legal Documents

On November 5, 1974 voters of the District, by a vote of 111,601 to 88,345 (55.8%), approved an increase of 38.3¢ per \$100 assessed valuation in the District's maximum tax rate over the period 1975/76 to 2002/03 for the purpose of purchasing school sites not then owned by the District, preparing plans and specifications, and leasing the fol-

lowing 22 fully furnished, equipped, and landscaped new school facilities: (1) fifteen elementary schools, (2) one junior high school, (3) two junior-senior high schools, (4) one senior high school, and (5) three career education center additions.

The Corporation issued pursuant to an Indenture (herein called the "1975 Indenture") dated July 1, 1975 between the Corporation and the Southern California First National Bank (now California First Bank) Bonds of Series A (herein called the "1975 Series A Bonds") in the principal amount of \$37,250,000 to finance the acquisition and construction of eleven permanent elementary schools. The specific elementary grade schools included were: Miramar Ranch, Ericson, Chesterton, Mason, Sandburg, Hickman, Walker, Dailard, Green, Penn and Tierrasanta, including the acquisition of two existing privately-owned public school buildings situated at the latter school site (Project Phase I). Construction at all schools is completed and the District presently occupies all facilities.

The Corporation has also previously issued under the 1975 Indenture Bonds of Series B, dated October 1, 1975, in the principal amount of \$35,000,000 to finance the construction of two junior-senior high schools and one junior high school (Project Phase II) for lease to the District.

The Corporation anticipates issuing in 1977 one or more additional series of bonds in the estimated aggregate amount of \$33,000,000 pursuant to the 1975 Indenture to construct four additional elementary schools, one high school, and two career centers.

\$29,000,000 principal amount of 1975 Series A Bonds mature by their terms on July 1, 2000. \$600,000 of this principal amount will be redeemed on January 1, 1987 from moneys in the 1975 Series A Sinking Fund Account provided for in the 1975 Indenture. The remaining \$28,400,000 principal amount will be redeemed from (a) the \$28,300,000 proceeds of the 1977 Refunding Bonds, Series A and (b) \$1,094,000 to be provided by California First Bank (as successor trustee) on January 1, 1987 and to be ultimately provided from the defeased 1975 Series A Reserve Fund. The \$1,094,000 will pay the premium of \$994,000 and the \$100,000 balance which together with the 1977 Refunding Bond proceeds of \$28,300,000 will refund \$28,400,000 1975 Series A Bonds on January 1, 1987. Costs of issuance of the 1977 Refunding Bonds, Series A, estimated at \$225,000 will be provided by the Corporation from available funds. (See

"The Refunding Project" section of this Official Statement for a more detailed discussion.)

The \$28,300,000 principal amount of the Corporation's 1977 Refunding Bonds Series A (herein called the "1977 Refunding Bonds") will be issued pursuant to an indenture dated July 1, 1977, herein referred to as the "Indenture", between the Corporation and California First Bank, San Diego, California, as Trustee. The Indenture, approved as to preliminary form by the Corporation on May 12, 1977, will be executed prior to the delivery of the 1977 Refunding Bonds. The 1977 Refunding Bonds and a summary of certain provisions of the Indenture are discussed in "The Bonds" section of this Official Statement. For complete details of provisions of the Indenture, prospective purchasers of the 1977 Refunding Bonds are referred to the complete text of the proposed form of Indenture included with the Basic Legal Documents accompanying the distribution of this Official Statement.

The District is now leasing the various Project Phase I sites to the Corporation pursuant to provisions of a Site Lease dated July 1, 1975, to be amended by an amendment dated July 1, 1977, the principal provisions of which lease and amendment are summarized in the "Site Lease (Project Phase I)" subheading of this section of the Official Statement.

The Corporation is leasing back to the District the Project Phase I schools and sites pursuant to provisions of a Facility Lease dated July 1, 1975, to be amended by an amendment dated July 1, 1977, the principal provisions of which lease and amendment are summarized in the "Facility Lease (Project Phase I)" subheading of this section of the Official Statement.

Site Lease (Project Phase I)

The Site Lease (Project Phase I), herein referred to as the "Site Lease", has been entered into by the Corporation and the District. The First Amendment to Site Lease (Project Phase I), to be dated July 1, 1977, will be executed prior to the delivery of the 1977 Refunding Bonds.

The First Amendment to Site Lease (Project Phase I) shall take effect only upon the retirement of the 1975 Series A Bonds, and provides that upon such date all references to the 1975 Series A Bonds therein shall be to the 1977 Refunding Bonds.

Pursuant to the Site Lease, the District has leased to the Corporation, at an annual rate of \$1.00, the

real properties (Demised Premises) upon which the Project Phase I facilities have been constructed. The Corporation shall use the Demised Premises solely for the purpose of: (1) acquiring and constructing Project Phase I facilities thereon, and (2) leasing back to the District the Demised Premises and the facilities thereon pursuant to the Facility Lease.

Term. The term of the Site Lease shall end on December 1, 2000, unless earlier terminated. If prior to December 1, 2000, all of the 1977 Refunding Bonds shall have been retired, the Site Lease shall be terminated ten days thereafter.

Title to Sites: Quiet Enjoyment: The District owns the sites for Project Phase I. All or portions of three of the Project Phase I sites were acquired by the District from the United States of America pursuant to deeds which reserve in the United States of America a right of reverter if the District breaches terms and conditions set forth in the deeds: (1) the sites must be continuously used for education purposes; (2) the District must comply with Title VI of the Civil Rights Act of 1964 (no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or otherwise subjected to discrimination); (3) the District must receive permission from the United States of America to sell, lease, mortgage, encumber, or otherwise dispose of the sites; and (4) the District must file annual reports to the United States of America relative to its compliance with conditions set forth in the deeds. The District has covenanted in the Site Lease to comply with these terms and conditions contained in the deeds. The District has further agreed in the Site Lease that if at any time it is unable to comply with the terms and conditions of any said deeds, it will pay to the United States of America any amounts necessary to obtain a surrender and release of said terms and conditions, and will use its best efforts to obtain such surrender and release.

Eminent Domain Proceedings. In the event all or any part of the Demised Premises or the Project Phase I improvements thereon are taken by eminent domain proceedings, the interests of the Corporation shall be recognized in the amount of the then unpaid indebtedness incurred by the Corporation to acquire and construct Project Phase I, including interest thereon and all other payments required to be made by, or to, the trustee under the 1975 Indenture, and from and after the date that no 1975 Series A Bonds are outstanding to the trustee under the 1977 Indenture.

Termination and Disposition of Project. Upon the termination of the Site Lease, the Corporation agrees to surrender to the District the Demised Premises and title to the permanent structures and improvements existing thereon.

For additional details of the Site Lease, prospective purchasers of the 1977 Refunding Bonds are referred to the complete texts of the Site Lease and of the proposed form of First Amendment to Site Lease included in the Basic Legal Documents accompanying the distribution of this Official Statement.

Facility Lease (Project Phase I)

The Facility Lease (Project Phase I), herein referred to as the "Facility Lease," has been entered into by the Corporation and the District. The First Amendment to Facility Lease, to be dated July 1, 1977, will be executed prior to the delivery of the 1977 Refunding Bonds.

The First Amendment to Facility Lease (Project Phase I) shall take effect only upon the retirement of 1975 Series A Bonds, and provides that upon such date all references to the 1975 Series A Bonds therein shall be to the 1977 Refunding Bonds.

Pursuant to the Facility Lease the Corporation has leased to the District the Demised Premises and the Project Phase I facilities constructed thereon pursuant to provisions of the Facility Lease described below, and the existing privately-owned public school buildings located on the site of the Tierrasanta Elementary School which was purchased by the Corporation from the proceeds of the 1975 Series A Bonds.

Term. The term of the Facility Lease shall end on November 30, 2000 unless earlier terminated. If prior to November 30, 2000, all of the 1977 Refunding Bonds shall have been retired, the Facility Lease shall terminate ten days thereafter.

Base Rental. For the use and occupancy of the Demised Premises and Project Phase I, the District agreed to pay the Corporation a base rental, semi-annually beginning on December 15, 1976 and each succeeding June 15 and December 15 up to and including June 15, 2000 unless the Facility Lease has been earlier terminated.

The present annual base rental obligation of the District is \$3,339,280. If a lesser base rental will be sufficient to pay the 1977 Refunding Bonds, the base rental, which will commence from and after the date that no 1975 Series A Bonds are outstanding, may be reduced.

Additional Rental. The District is also required to pay to the Corporation additional rental, in an amount not to exceed \$10,000 annually, to meet administrative costs of the Corporation attributable to Project Phase I and the Corporation's bonds as such term is defined in the lease, as amended.

District Provision of Rental. The District covenants to include all base rental and additional rental payments in its annual budget and to make the necessary annual appropriations for all such payments. The Corporation and the Trustee will be furnished copies of each proposed and final budget of the District within ten days after the filing or adoption thereof.

Abatement of Rental. Rental shall be abated during any period in which there is substantial interference with the District's use and occupancy of the Demised Premises and the Project Phase I facilities due to damage or destruction. The abatement of District rental shall be based on the proportion of initial costs of the unuseable portion or portions of the Project Phase I facilities to the total initial cost of Project Phase I facilities.

Insurance. The District is required to obtain and maintain throughout the term of the Facility Lease various insurance coverages including fire and extended coverage, earthquake (after completion of construction and if available at reasonable cost on the open market from reputable insurance companies), public liability and property damage, and rental or use and occupancy insurance. The major features of these types and amounts of insurance coverages are discussed under the heading "The 1977 Indenture" in "The Bonds" section of this Official Statement.

Maintenance, Utilities, Taxes and Assessments. The District shall be responsible for the maintenance and repair of the Demised Premises and Project Phase I while in possession, and shall pay or arrange for the payment of such costs, as well as utilities, and taxes and assessments throughout the term of the Facility Lease.

Eminent Domain Proceedings. In the event the Project Phase I facilities are permanently taken under the power of eminent domain, the Facility Lease shall terminate. In the event less than all of the Project Phase I facilities are taken under the power of eminent domain, the Facility Lease shall continue in full force and there shall be a partial abatement of rental to be agreed upon by the District and the Corporation; however, in no event shall the rental payable by the District be less than the

amount required for the retirement of the 1975 Series A Bonds, or the 1977 Refunding Bonds from and after the date that no 1975 Series A Bonds are outstanding, and payment of interest thereon as such bonds and interest become due.

Option to Purchase. The District shall have the option to purchase the Corporation's interest in any part of the Project Phase I facilities upon payment of an option price equal to the aggregate amount for the entire remaining term of the lease of the part of the total rental attributable to such part of the Project Phase I facilities (determined by reference to the proportion which the acquisition and construction cost of such part of the Project Phase I facilities bears to the acquisition and construction cost of all of the Project Phase I facilities).

Default By District. Should the District default and fail to remedy any default, the Corporation has the right to terminate the Facility Lease and re-enter

the premises, or without terminating the Facility Lease, re-enter and relet Project Phase I facilities as the agent of and for the account of the District.

Termination and Disposition of Project. Upon termination of the Facility Lease, the Corporation agrees to surrender to the District the Demised Premises and title to permanent improvements thereon.

The foregoing summary discussion of selected features contained in the Facility Lease and the proposed form of First Amendment to Facility Lease are made subject to all of the provisions of the Facility Lease and proposed form of First Amendment to Facility Lease. This summary does not purport to be a complete statement of such provisions and reference is made to the Facility Lease and proposed form of First Amendment to Facility Lease which are included as part of the Basic Legal Documents accompanying this Official Statement.

THE BONDS

Authority for Issuance

The \$28,300,000 principal amount of San Diego Unified School District Public School Building Corporation 1977 Refunding Bonds, Series A, herein referred to as the "1977 Refunding Bonds," are to be issued pursuant to the General Non-Profit Corporation Law of the State of California (Title 1, Division 2, Part 1 of the California Corporations Code) and an Indenture dated July 1, 1977, herein referred to as "the Indenture", between the Corporation and California First Bank, as Trustee. The 1977 Refunding Bonds will be secured under provisions of the Indenture, the proposed form of which is included with the Basic Legal Documents which accompany the distribution of this Official Statement.

Terms of Sale

Bids for the purchase of the \$28,300,000 principal amount of the 1977 Refunding Bonds will be received by the Corporation at 10:00 A.M., Tuesday, June 14, 1977, at the San Diego Unified School District Education Center, Second Floor Conference Room, Room 2249, 4100 Normal Street, San Diego, California 92103. Details of the terms of sale are included in the Official Notice of Sale adopted by the Board of Directors of the Corporation on May 12, 1977.

Description of the Bonds

The 1977 Refunding Bonds will be dated July 1, 1977 and will bear interest from their date, payable on January 1, 1978 and each succeeding July 1 and January 1. The 1977 Refunding Bonds will mature on July 1 and January 1 in each of the years in the designated principal amounts as shown in Table 1.

Table 1

SAN DIEGO UNIFIED SCHOOL DISTRICT PUBLIC SCHOOL BUILDING CORPORATION

1977 Refunding Bonds, Series A

Principal Maturities

Maturity Date	Principal Amount
7/1/87	\$ 705,000
1/1/88	730,000
7/1/88	755,000
1/1/89	780,000
7/1/89	805,000
1/1/90	835,000
7/1/90	860,000
1/1/91	890,000
7/1/91	920,000
1/1/92	950,000
7/1/92	985,000
1/1/93	1,020,000
7/1/93	1,055,000
1/1/94	1,090,000
7/1/94	1,125,000
1/1/95	1,165,000
7/1/95	1,205,000
1/1/96	1,245,000
7/1/96	1,285,000
1/1/97	1,330,000
7/1/97	1,375,000
1/1/98	1,425,000
7/1/98	1,470,000
1/1/99	1,520,000
7/1/99	1,575,000
1/1/00	1,200,000

Redemption Provisions

The Corporation shall have the right, at the times and under the circumstances prescribed in the Indenture, to redeem 1977 Refunding Bonds at the principal amount thereof plus accrued interest to the date of redemption without premium through the application of proceeds of insurance and eminent domain proceedings and from the Escrow Fund if all then outstanding 1975 Series A Bonds cannot be redeemed on January 1, 1987.

The 1977 Refunding Bonds are also subject to redemption prior to their respective stated maturities, at the option of the Corporation, as a whole, or in part in inverse order of maturities and by lot within

any such maturity if less than all of the 1977 Refunding Bonds of such maturity be redeemed, from any source of available funds, on any interest payment date on or after July 1, 1987, at the principal amount thereof and accrued interest thereon to the date fixed for redemption, plus a premium of one-fourth of one per cent ($\frac{1}{4}$ of 1%) of such principal amount for each whole year or fraction thereof remaining between the date fixed for redemption and their respective stated maturities.

Trustee, Escrow Bank and Paying Agent

The California First Bank, San Diego, California, will be appointed by the Corporation as Trustee and Escrow Bank for the 1977 Refunding Bonds. During the period that the 1975 Series A Bonds are outstanding the bank will invest in federal securities the proceeds of the 1977 Refunding Bonds and will pay interest on the 1977 Refunding Bonds as it becomes due from interest earned from the investment of the proceeds.

After the 1975 Series A Bonds have been redeemed the Trustee will continue to disburse bond moneys in conformity with the 1977 Indenture. In addition to holding and administering the various funds of the Corporation, the Trustee will invest the funds held in trust and will be the recipient of the rental revenues of the Corporation relating to the Project Phase I. The Trustee will also act as Paying Agent of the Corporation, paying bond interest and principal. The Trustee will act as bond registrar and will authenticate all registered bonds.

Interest and principal are payable at the San Diego, California principal office of California First Bank, the trustee; or in the case of coupon bonds at the option of the holder at the principal office of United California Bank in Los Angeles, California; the principal office of United California Bank in San Francisco, California; the principal office of Chase Manhattan Bank N.A. in New York, New York; or the office of Continental Illinois National Bank and Trust Co., Chicago, Illinois.

Form, Denomination, and Registration

The 1977 Refunding Bonds will be issued as coupon bonds in the denomination of \$5,000, or as fully registered bonds in the denomination of \$5,000 or any multiple thereof so long as principal shall mature on only one bond maturity date. Coupon bonds and fully registered bonds will be interchangeable

at the office of the Trustee as provided for in the Indenture.

CUSIP Numbers

It is anticipated that CUSIP numbers will be printed on the 1977 Refunding Bonds but neither failure to print such numbers on any 1977 Refunding Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the 1977 Refunding Bonds in accordance with the terms of the purchase contract.

Litigation

There is no litigation pending concerning the validity of the 1977 Refunding Bonds, and the Corporation will furnish to the successful bidder a no-litigation certificate certifying to the foregoing at the time of the delivery of the 1977 Refunding Bonds.

The present California system of levying taxes and applying funds for public school purposes has been held unconstitutional under provisions of the California Constitution by a California Superior Court in the case entitled *Serrano v. Priest*.

The California Supreme Court in a decision dated December 30, 1976, affirmed the judgment of the Superior Court in that case. The decision requires that a new system for financing California primary and secondary schools must be implemented by September 3, 1980.

The Superior Court judgment as affirmed by the California Supreme Court contains a statement that the existing public school financing system shall continue to operate until an appropriate system, not in violation of the California Constitution, can be placed into effect.

Legislation has been introduced in the California legislature in response to *Serrano v. Priest*. It cannot be predicted whether any such legislation will be enacted by the legislature or, if such legislation is enacted, whether such legislation will be determined to be constitutional.

Pending legislation, in part, proposes to prevent or to slow the tax rate reduction in high wealth districts permitted under current California law. The tax revenues of high wealth districts in excess of a defined frozen base would be redistributed by the state to low wealth districts.

Any change resulting from *Serrano v. Priest* in the sources of funds, including property taxation,

applied to the support of public schools and any effect thereof on the moneys available to the District to pay rental under the Facility Lease which is the security on the Bonds are not determinable at this time. However, it is not believed that the result of such litigation will affect the validity of the Facility Lease during its term, even though the result of such litigation or legislation enacted in response thereto may affect the ability of the District to levy the 38.3¢ voted tax rate increase.

Litigation Concerning the District and the Corporation

The Corporation and the District are being sued by contractors and subcontractors in eight lawsuits arising from the fourteen projects financed by the Corporation's 1975 Series A (Project Phase I) and Series B (Project Phase II) Bonds.

The approximate amount of damages claimed in Project Phase I is \$4,650,000, of which \$640,000 represents liquidated damages withheld from the various contractors. The approximate amount of damages claimed in Project Phase II is \$80,000. In addition a claim has been filed which is expected to result in another lawsuit for \$10,000.

California First Bank, as trustee, presently holds approximately \$4,120,000 in the Project Phase I Construction Account and approximately \$2,705,000 in the Project Phase II Construction Account. Of this combined \$6,825,000 in the Project Phases I and II Construction Accounts, approximately \$1,125,000 will be required to pay amounts coming due for construction in Project Phases I and II. This would leave a balance of approximately \$5,700,000 in the construction accounts.

Costs of issuance (estimated at \$225,000) for the 1977 Refunding Bonds are anticipated to be paid from moneys transferred from the Project Phase II Construction Account. This would leave an estimated balance of approximately \$5,475,000 to pay any judgments which may be rendered against the Corporation. It is believed that this balance will be adequate to pay any judgments rendered in these lawsuits.

On September 30, 1975, the District agreed to indemnify and provide legal defense for lawsuits arising out of any construction contract let by the Corporation, and the Office of the Schools Attorney has been defending these lawsuits. The District has recently employed associate counsel in connection with two of the largest lawsuits.

A lawsuit challenging the environmental impact report for the University City High School (to be financed through a subsequent bond issue) has been filed. The lawsuit seeks to prohibit the construction of the high school. The District is currently in the process of litigating the claim.

In 1967 a suit seeking to racially balance the schools in the District was filed. In March, 1977 the San Diego Superior Court ordered the District to take all reasonable and feasible steps to alleviate minority racial isolation at 23 of the District's 166 schools. A plan to accomplish this objective must be filed by June 13, 1977, and the District is proceeding to formulate a plan. It is not possible at this time to determine the cost to the District of any plan which may be adopted.

It is not believed that the litigation discussed above will have any effect on the 1977 Refunding Bonds. The District currently occupies and is paying rental for the use and occupancy of all projects (Project Phase I) financed by the Corporation's 1975 Series A Bond issue.

Legal Opinion

The legal opinion of Orrick, Herrington, Rowley & Sutcliffe, San Francisco, California, bond counsel to the Corporation, approving the validity of the 1977 Refunding Bonds, will be furnished to the purchasers without charge at the time of the original delivery of the 1977 Refunding Bonds. A copy of the legal opinion will be printed on each bond. See the concluding paragraph of the "To Whom It May Concern" section of this Official Statement regarding the scope of bond counsel's review of this Official Statement.

Bond counsel's fee is payable from the proceeds of the bonds and is contingent upon bond delivery, except if the bonds are not issued and the project is abandoned, bond counsel will receive a fee based upon the amount of work performed to said time of abandonment.

Tax Exempt Status

In the opinion of bond counsel, the interest on the 1977 Refunding Bonds will be exempt from all present Federal income taxes under existing statutes, regulations, and court decisions. Assembly Bill No. 339, pending in the California legislature, will, if enacted, provide that the 1977 Refunding Bonds will be exempt from all taxation in California other

than inheritance, gift and franchise taxes. Bidders will be advised of the status of this bill prior to the bond sale date.

Legality for Deposits of Public Moneys

The 1977 Refunding Bonds are not presently eligible to secure deposits of public moneys in California. Assembly Bill No. 339, pending in the California Legislature will, if enacted, provide that the 1977 Refunding Bonds are eligible to secure deposits of public moneys in California. Bidders will be advised of the status of this bill prior to the bond sale date.

Eligibility for National Banks

A request is being made to the Comptroller of the Currency for a ruling that the 1977 Refunding Bonds are eligible for purchase, dealing in, underwriting and unlimited holding by national banks. The ruling is expected prior to the date of sale of the 1977 Refunding Bonds.

Sale of Bonds in California

The Division of Corporation Finance of the United States Securities and Exchange Commission has issued a "no-action" letter to the Corporation stating that the Division of Corporation Finance will not recommend any action to the Securities and Exchange Commission if the proposed bond offering is made without prior compliance with the registration requirements of the Securities Act of 1933 or qualification of the Indenture under which the 1977 Refunding Bonds are to be issued under the Trust Indenture Act of 1939. The Commissioner of Corporations of the State of California has issued an interpretive opinion stating that the Bonds are exempt from the qualification requirement of Section 25110 of the California Corporate Securities Law of 1968. The 1977 Refunding Bonds are being offered and sold without registration under the Securities Act of 1933 or qualification of the Indenture under the Trust Indenture Act of 1939, and without qualification under the California Corporate Securities Law of 1968, in reliance upon such "no-action" letter and such interpretive opinion.

Resale of Bonds in Other States

The Corporation will furnish to prospective purchasers an information memorandum covering applicability of blue-sky laws in all 50 states, the District of Columbia and Puerto Rico. The memorandum

will indicate states in which no action is believed necessary to qualify the 1977 Refunding Bonds for offer and sale, states in which the Corporation is taking action to qualify the 1977 Refunding Bonds for offer and sale or to obtain exemptions, and states in which additional action is believed necessary to qualify the 1977 Refunding Bonds for offer and sale. The purchaser will assume responsibility for any required permits and/or filing fees in states in which additional action is believed necessary, and for complying with the laws of all jurisdictions on resale of the 1977 Refunding Bonds, and shall indemnify and hold harmless the Corporation and its officers and directors from any loss or damage resulting from any failure to comply with any such law.

Purpose of Issue

The 1977 Refunding Bonds together with \$1,094,000 (to be provided by the Trustee from the defeased portion of the Reserve Fund under the 1975 Indenture) will be used for the redemption on January 1, 1987 of \$28,400,000 aggregate principal amount of 1975 Series A Bonds maturing by their terms on July 1, 2000. (See "The Refunding Project" section of this Official Statement for a more complete discussion of the refunding process.)

Security

The 1977 Refunding Bonds will be valid, binding, and legal obligations of the Corporation secured under the Indenture by the assignment, transfer in trust, transfer of security interest in, and pledge of the trust estate, to the California First Bank, San Diego, California, as Trustee.

So long as any 1975 Series A Bonds are outstanding, the trust estate shall include all moneys received from the sale of the Bonds and held in the Escrow Fund.

From and after the date when no 1975 Series A Bonds are outstanding, the trust estate shall include:

(1) The leasehold estate of the Corporation in real property under the Site Lease (Project Phase I), between the District, as lessor, and the Corporation, as lessee, subject as to three of the eleven parcels to rights of reverter reserved by the United States of America in deeds of all or a portion of these parcels to the District;

(2) All rights, title, and interest of the Corporation under the Facility Lease (Project Phase

I) between the Corporation, as lessor, and the District, as lessee; and

(3) All of the revenues derived by the Corporation from the use and operation of the Project Phase I acquired and constructed pursuant to the Site and Facility Leases.

Authorized District Tax Rate Increase

At a District-wide election held on November 5, 1974, voters of the District approved Proposition XX which authorized an increase of 38.3¢ per \$100 assessed valuation in the District's maximum tax rate limit, over the period 1975/76 to 2002/03, for the purposes of: (1) acquiring school sites not then owned by the District, (2) preparing plans and specifications, and (3) leasing 22 fully furnished, equipped and landscaped public school buildings. Proposition XX also reserved to the District the right to lease less than all of the 22 public school buildings if circumstances so require.

For the use and occupancy of Project Phase I, the District is obligated under the Facility Lease to pay the Corporation a base rental semiannually beginning on December 15, 1976 and each succeeding June 15 and December 15 up to and including June 15, 2000 unless the Facility Lease has been earlier terminated or extended. This semi-annual base rental is sufficient to pay principal and interest on the 1975 Series A Bonds. The yearly base rental of \$3,339,280 plus the yearly additional rental of \$10,000 per year produces a yearly aggregate rental of \$3,349,280 which commenced in fiscal year 1976/77.

Based on the District's 1976/77 assessed valuation of \$2,863,981,313 (after adjustment for the redevelopment increment) and a tax delinquency of 3.50% (prior three year average delinquency of 2.54% and a 1975/76 delinquency of 3.02%) 12.1¢ of the maximum allowable 38.3¢ tax rate increase will be sufficient to pay the lease and additional rental obligation of the 1975 Series A Bonds.

The Notice of Sale of the 1977 Refunding Bonds provides that the semiannual debt service for any six-month period for any bond maturity date shall not exceed the semiannual base rental obligation of the 1975 Series A Bonds (\$1,669,640) as provided in the Facility Lease.

With this 1977 Refunding Bond bidding restriction, the tax rate necessary to provide the 1977 Refunding Bonds base rental cannot exceed the 1975 Series A base rental obligation discussed above.

Interest on the 1977 Refunding Bonds up to and including January 1, 1987 will be provided by investment earnings from the Escrow Fund together with any accrued interest on the 1977 Refunding Bonds.

Debt service on the 1977 Refunding Bonds after January 1, 1987 will be provided by rentals payable by the District under the Facility Lease (Project Phase I).

Projected Assessed Valuations

Over the five-year period 1972/73 through 1976/77, the District's assessed valuation for revenue purposes increased from \$1,786,000,013 to \$2,863,981,313 (after adjustment for the redevelopment agency increment) or at an annual average increase of approximately \$269,495,000. If the District's assessed valuation for revenue purposes should increase at the rate of approximately 50 percent of the annual average increase experienced over the five-year period 1972/73 through 1976/77 (\$134,747,000), the District's projected assessed valuation for revenue purposes for the five-year period beginning in 1977/78 (1975 Series A rental obligations commenced in 1976/77; Series B rental obligations to commence in 1977/78) would be as shown in the following tabulation.

Fiscal Year	Projected Assessed Valuation for Revenue Purposes ^①
1977/78	\$2,998,728,000
1978/79	3,133,475,000
1979/80	3,268,222,000
1980/81	3,402,969,000
1981/82	3,537,716,000

① Based on an increase from the 1976/77 assessed valuation for revenue purposes after adjustment for the redevelopment increment (\$2,863,981,313) at the annual rate of \$134,747,000 or approximately 50% of the average annual increase in assessed valuation for revenue purposes experienced by the District from 1972/73 to 1976/77.

Projected Rental Tax Rate

As previously stated, the District is empowered to levy the lease authorization tax at a rate not to exceed 38.3¢ per \$100 assessed valuation over the period 1975/76 to 2002/03.

Project Phase I annual rental is fixed at \$3,339,280 plus additional rental of \$10,000 per year (aggregate \$3,349,280) for fiscal years 1976/77 through 1999/2000. (The Notice of Sale of the 1977 Refunding Bonds provides that the debt service on any semiannual maturity shall not exceed the semiannual base rental obligation of the 1975 Series A Bonds.)

Project Phase II annual rental is fixed at \$3,619,336 plus additional rental of \$10,000 per year (aggregate \$3,629,336) for fiscal years 1977/78 through 1994/95.

Proceeds from the sale of the Corporation's 1975 Series A and Series B Bonds are being used to acquire and construct 14 of the 22 schools (Project Phases I and II) authorized by the District voters on November 5, 1974. All of the Project Phase I schools have been completed and have been occupied by the District, and the District is presently obligated to, and is, paying rental under the Facility Lease (Project Phase I) for these schools.

The Corporation anticipates issuing in 1977 one or more additional series of bonds to construct seven of the remaining eight authorized projects (Project Phase III). The eighth facility, a Career Center addition at Crawford High School, has been deleted from the construction program since funding from the Regional Occupational Program has been sufficient to provide for the needed career education requirements.

The estimated cost of the seven projects to be constructed from the subsequent series of Bonds in dollars is \$24,275,000.

To finance the construction of these final seven projects, the District has levied a portion of the

authorized lease tax of 38.3¢ per \$100 assessed valuation in 1976/77 to generate funds to pay architect-design costs (\$1,672,250), and site acquisition costs (\$2,438,805).

Construction costs estimated at \$24,275,000, funded interest during and for six months beyond the anticipated completion of construction, construction contingencies of 3 percent, costs of bond issuance, and additional funding to increase the reserve fund under the 1975 Indenture to an amount equal to maximum annual debt service on all outstanding bonds would be funded from subsequent series of Bonds under the 1975 Indenture in the estimated principal amount of \$33,000,000.

All series of bonds issued under the 1975 Indenture are parity bonds payable from all Project Leases.

The estimated maximum annual rental (including additional rental of \$10,000) for the subsequent series of 1975 Indenture Bonds in the principal amount of \$33,000,000 would be approximately \$3,040,000, assuming a 7 percent interest rate bid on the bonds, and payment of the final maturity on July 1, 2000.

Based on the present 1976/77 assessed valuation and a 3.50% tax delinquency, the maximum tax rate required to fund the estimated maximum annual rental obligation for the 21 authorized schools is 36.2¢ per \$100 of assessed valuation of the approved 38.3¢ tax rate increase.

The following tabulation shows that at the projected assessed valuations for revenue purposes, the maximum tax rate required to fund estimated maximum annual rental obligations for the 21 authorized

Fiscal Year	Projected Assessed Valuation for Revenue Purposes ^① (\$1,000's)	Fixed Rent Project Phase I ^②	Fixed Rent Project Phase II ^②	Estimated Rent Subsequent Phase(s) ^②	Total ^②	All Project Phases Estimated Rental Tax Rate ^③
1977/78	\$2,998,728	\$3,349,280	\$3,629,336	\$ —	\$ 6,978,616	24.1¢
1978/79	3,133,475	3,349,280	3,629,336	—	6,978,616	23.1¢
1979/80	3,268,222	3,349,280	3,629,336	3,040,000	10,028,616	31.8¢
1980/81	3,402,969	3,349,280	3,629,336	3,040,000	10,028,616	30.5¢
1981/82	3,537,716	3,349,280	3,629,336	3,040,000	10,028,616	29.3¢

① Based on an increase from 1976/77 assessed valuation for revenue purposes after adjustment for the redevelopment increment (\$2,863,981,313) at the annual rate of \$134,747,000, or approximately 50% of the average annual increase in assessed valuation for revenue purposes experienced by the District from 1972/73 to 1976/77.

② Includes additional rental of \$10,000 per year.

③ Per \$100 assessed valuation and a 3.50% delinquency (prior three year average delinquencies of 2.54%).

schools would be \$31.8¢ per \$100 assessed valuation in 1979/80 (the first year in which all Project leases would be in effect).

These data are based on the following assumptions and estimates: (1) actual Project Phase I and II rental, (2) project costs in dollars of the subsequent series (under the 1975 Indenture) as presently estimated, (3) an annual increase in the District's projected assessed valuation for revenue purposes equal to approximately 50 percent of the average annual increase in assessed valuation for revenue purposes experienced by the District from 1972/73 through 1976/77 after adjustment for the redevelopment increment, (4) an estimated interest rate of 7 percent per annum to be bid on the subsequent series of bonds, (5) subsequent series Reserve Fund at maximum annual debt service, and (6) an allowance for a 3.50 percent District tax delinquency.

The 1977 Indenture

The following summary of major provisions of the Indenture under which the 1977 Refunding Bonds will be issued is presented below. The summary does not provide a complete and detailed description of all provisions of the Indenture and prospective purchasers of the 1977 Refunding Bonds are referred to the proposed form of Indenture contained in the Basic Legal Documents accompanying this Official Statement.

The Trustee. The California First Bank, San Diego, California, will be appointed by the Corporation as Trustee for the 1977 Refunding Bonds. During the period that the 1975 Series A Bonds are outstanding the bank will hold the federal securities purchased from the proceeds of the 1977 Refunding Bonds and will use the interest earned from the investment to pay interest on the 1977 Refunding Bonds until January 1, 1987 at which time the investment will mature and be used to redeem the 1975 Series A Bonds.

After the 1975 Series A Bonds have been redeemed the Trustee will continue to disburse bond moneys in conformity with the Indenture. In addition to holding and administering the various funds of the Corporation, the Trustee will invest the funds held in trust and will be the recipient of the rental revenues of the Corporation relating to the Project Phase I. The Trustee will also act as Paying Agent of the Corporation, paying bond interest and principal. The Trustee will act as bond registrar and will authenticate all registered bonds.

Application of Bond Proceeds

The Indenture provides that proceeds from the sale of the 1977 Refunding Bonds shall be deposited with the Trustee for deposit as follows:

Interest Fund: Any accrued interest received upon the sale of the 1977 Refunding Bonds.

Escrow Fund: The remainder of proceeds (\$28,300,000 plus any premium bid) shall be set aside in the Escrow Fund and be used to purchase the required Federal Securities which must mature on or before January 1, 1987.

The Federal Securities and any other moneys in the Escrow Fund shall be held by the Trustee in Trust and invested pursuant to the provisions of the Escrow Agreement and the Indenture to pay from the Interest Fund when due the interest on the 1977 Refunding Bonds to and including January 1, 1987.

Deposit and Application of Revenues

Interest on the 1977 Refunding Bonds up to and including January 1, 1987 will be provided by investment earnings in the Escrow Fund under the 1977 Indenture.

Debt service on the 1977 Refunding Bonds after January 1, 1987 will be provided by the lease payments under the Facility Lease (Project Phase I).

Debt service on the 1975 Series A Bonds up to and including January 1, 1987 will be provided by lease payments under all facility leases entered into pursuant to the 1975 Indenture.

Creation of Special Funds. The Indenture provides for the establishment of special trust funds, all to be held and administered by the Trustee. These funds together with their sources and uses are summarized in the tabulation on the following page. Moneys held in the various funds may be invested by the Trustee under the provisions of Section 4.04 of the Indenture.

Revenue Fund. After the redemption of all 1975 Series A Bonds, all rental revenue under the Facility Lease (Project Phase I) shall be paid to the Trustee and deposited by the Trustee to the credit of the Revenue Fund. Monies in the Revenue Fund shall be disbursed, applied, or set aside by the Trustee in the following order of priority:

(1) *Interest Fund.* Commencing on or before June 30, 1987, and on or before December 30 and June 30 of each year thereafter, an amount sufficient to increase the balance in that fund to

SPECIAL TRUST FUNDS

Fund	Principal Source	Use
Escrow Fund	Bond Proceeds	Redeem outstanding 1975 Series A Bonds on January 1, 1987, interest earnings to be used to pay interest on 1977 Refunding Bonds through January 1, 1987, excess to be transferred to Corporate Operation Fund.
Construction Fund (Section 3.03)	Proceeds of Additional Series of Bonds, if any	Construction of additional phases of project and incidental expenses of Bond issuance and delivery.
Revenue Fund (Section 4.01)	District Base Rental Payments commencing after January 1, 1987	Transfers to Interest Fund; Principal Fund; Principal Fund Sinking Fund Accounts, if any; Operation and Maintenance Fund, if needed; Reserve Fund, if needed; and Corporate Operation Fund.
Interest Fund (Section 4.02(a))	Transfers from Escrow Fund to January 1, 1987 and thereafter transfers from Revenue Fund	Bond interest payments.
Principal Fund (Section 4.02(b))	Transfers from Revenue Fund	Bond principal payments.
Principal Fund: Sinking Fund Accounts (Section 4.02 (b)), if any	Transfers from Revenue Fund	Redemption of term Bonds of subsequent series at or prior to maturity.
Operation and Maintenance Fund (Section 4.02(c))	Transfers from Revenue Fund	To meet costs of operation and maintenance if at any time after retirement of the 1975 Series A Bonds the Corporation shall operate and maintain the Project.
Reserve Fund (Section 4.02(d))	Transfer from 1975 Indenture Reserve Fund on or after January 2, 1987 and, if thereafter depleted, Revenue Fund	Bond principal and interest; payment of final maturity.
Corporate Operation Fund (Section 4.03)	Before January 1, 1987, excess Escrow Fund earnings; thereafter additional rental under facility leases	Corporate operating expenses.

an amount equal to the aggregate half-yearly amount of interest becoming due and payable on the outstanding Bonds on the next succeeding interest payment date.

(2) *Principal Fund.* Commencing on or before June 30, 1987 and on or before each June 30

thereafter an amount equal to at least the aggregate amount of principal becoming due and payable on the outstanding Serial Bonds of all series on the next succeeding July 1, plus the aggregate of the Minimum Sinking Fund Account Payments to be paid during the six-month period

ending on the next succeeding July 1 into the respective Sinking Fund Accounts for the Term Bonds of all series for which Sinking Fund Accounts shall have been created, and commencing on or before December 30, 1987 and on or before each December 30 thereafter an amount at least equal to the sum which, together with any balance then on deposit in said Fund (and available for such purposes), will be sufficient to pay the aggregate amount of principal becoming due and payable on the outstanding Serial Bonds on the next succeeding January 1, plus the aggregate of the Minimum Sinking Fund Account Payments to be paid during the six-month period ending on the next succeeding January 1 into the respective Sinking Fund Accounts for the Term Bonds of all series for which Sinking Fund Accounts shall have been created. All Minimum Sinking Fund Account Payments shall be made without priority of any payment into any one such Sinking Fund Account over any other such payment.

(3) *Operation and Maintenance Fund.* If at any time from and after the date when no 1975 Series A Bonds are outstanding the Corporation shall at any time operate the facilities constructed with the 1975 Series A Bond proceeds, on or before each June 30 and each December 30 the Trustee shall deposit an amount needed to provide for payment of all costs of operation and maintenance during the next six months.

(4) *Reserve Fund.* A Reserve Fund will be created following the date when no 1975 Series A Bonds are outstanding and will be held by the Trustee. All moneys in the reserve fund established under the 1975 Indenture in excess of the maximum annual debt service on the then outstanding bonds issued under the 1975 Indenture less the \$1,094,000 necessary to complete the refunding of the 1975 Series A Bonds will be then transferred to fund the Reserve Fund under the 1977 Indenture. Moneys in this Fund shall be used to pay bond principal and interest in the event no other funds are available, and moneys in this Fund in excess of one-half maximum annual debt service may be used for the repair, reconstruction, or replacement of any damaged or destroyed portion of the Project or for the loss of rental income not insured against because of deductible amounts. Excess balances in this Fund shall be used to the extent needed to increase the balance in the Corporate Operation Fund to the

amount required to be on deposit in said Fund and any remaining excess amounts shall be paid to the District.

(5) *Corporate Operation Fund.* An amount necessary to maintain a balance of \$10,000 in this Fund.

Moneys in the Reserve Fund, Principal Fund, and Interest Fund may be used by the Trustee to reimburse the District for any rental payable under any Facility Lease for a period during which rental is abated and for which no other moneys (including proceeds of the rental interruption or use and occupancy insurance) are available.

Investment of Funds. All moneys held by the Trustee in any of the funds established pursuant to the 1977 Indenture (except the Escrow Fund) and with certain exceptions necessary to avoid arbitrage may be held in demand or time deposits, and if so shall be secured at all times by collateral security having a market value at least equal to the amount required by law.

Moneys in such funds may also be invested in authorized investments (as defined in the Indenture) including Federal securities or certificates of deposit of banks or savings and loan associations.

Moneys in the Revenue Fund may be invested in obligations which will mature within six months from the date of investment.

Moneys in the Interest Fund and in the Principal Fund may be invested in obligations which will, as nearly as practicable, mature on or before the respective semiannual interest payment or Bond maturity dates.

Moneys in the Construction Fund and Corporate Operation Fund may be invested in obligations which will mature within one year from the date of investment.

One-half of the moneys in the Reserve Fund may be invested in obligations which will mature within two years from the date of investment and one-half may be invested in obligations which will mature within five years from the date of investment.

Moneys in the Escrow Fund shall be invested in federal securities so as to pay interest when due on the 1977 Refunding Bonds up to and including January 1, 1987.

All interest earned on any such investment shall become part of the fund on which earned, except that such interest earnings received or accrued during construction of any subsequent phase of the Project on moneys in the Interest Fund or the

Reserve Fund attributable to such phase of the Project shall be transferred to the Project Construction Account established for such Phase of the Project.

Additional Series of Bonds. Section 3.04 of the Indenture permits the issuance of one or more additional series of bonds by supplemental indenture(s) subject to, among other things, the following conditions:

(1) The Corporation shall not be in default under provisions of the 1977 Indenture and the lien of the 1975 Indenture upon the Facility Lease (Project Phase I) shall have been discharged (scheduled to occur on January 1, 1987);

(2) The supplemental indenture shall require that the additional series of bonds will be issued for the purposes of acquiring or constructing additional public school facilities for the District, or the making of additions, improvements, or extensions to the Project;

(3) The additional series of bonds shall have no priority over the 1977 Refunding Bonds;

(4) The Corporation must enter into a new or amended Facility Lease with the District in which the District obligates itself to increase the base rental under all Facility Leases subject to the Indenture in amounts sufficient to provide for the payment of the principal of and interest on the additional series of bonds when due;

(5) Provision must be made to increase the Reserve Fund to an amount equal to at least one-half maximum annual debt service on all series of outstanding bonds;

(6) The aggregate principal amount of the Bonds issued and at any time outstanding shall not exceed any limit imposed by law, by this Indenture or by any supplemental indenture;

(7) Fixed serial maturities or mandatory Minimum Sinking Fund Account Payments, or any combination thereof, shall be established in amounts sufficient to provide for the retirement of all of the Bonds of such additional series on or before their respective maturity dates and so that the Annual Debt Service on such additional series of Bonds shall be as nearly as practicable the same in each year that the Bonds of such additional series shall mature or shall be subject to mandatory redemption from the Sinking Fund Accounts;

(8) The Corporation shall have entered into a contract or contracts for all construction to be financed from the proceeds of such additional

series of Bonds. Each said contract shall provide for a guaranteed maximum price for the construction to be performed; each contract shall require 100% faithful performance and 100% labor and materials bonds;

(9) If the proceeds of such additional series of Bonds are to be used, in whole or in part, to finance construction on real property not subject to the lien of this Indenture, (a) a Site Lease shall have been entered into, or an existing Site Lease shall have been amended, so as to lease to the Corporation such additional real property; (b) the supplemental indenture authorizing the issuance of such additional series of Bonds shall subject such additional real property to the lien of this Indenture; and (c) a Facility Lease shall have been entered into, or an existing Facility Lease shall have been amended, so as to lease to the District such additional real property;

(10) If then so required by law, the District shall have been authorized to enter into the Facility Lease or the amendment to an existing Facility Lease by the favorable vote of the electors of the District voting on such a proposition.

Title Insurance. A policy of title insurance or an endorsement to an existing policy insuring the leasehold interest title of the Corporation in the real property described in the Site Lease (Project Phase I) will be provided at delivery of the 1977 Refunding Bonds of the Corporation. From and after the date when no 1975 Series A Bonds are outstanding, said policy will be enforceable for the benefit of the bondholders in the principal amount of the 1977 Refunding Bonds.

Fire and Extended Coverage Insurance. While any of the Bonds are outstanding, but only from and after the date when no 1975 Series A Bonds are outstanding, the Corporation shall cause to be maintained insurance against loss or damage to any structures constituting part of the Project by fire and lightning with extended coverage and vandalism and malicious mischief insurance. Such insurance shall either (1) be in an amount equal to the replacement cost of the structures subject to deductible clauses of not to exceed the lesser of \$125,000 or the excess of the moneys in the Reserve Fund above one-half of maximum annual debt service for any one loss, or (2) be in an amount and in form sufficient to enable the Corporation either to retire all Bonds then outstanding or to restore the structures to the condition existing before such loss.

Public Liability Insurance. Except as provided below, while any of the Bonds are outstanding the Corporation shall cause to be maintained public liability insurance. Minimum liability limits for such insurance are \$5,000,000 for personal injury or death of one person; \$10,000,000 for personal injury or death of two or more persons in each event; and \$200,000 subject to a deductible clause not to exceed \$5,000, for property damage from each event. Such public liability and property damage insurance may however be in the form of a single limit policy in the amount of \$10,000,000 covering all such risks. Such liability insurance may be maintained in conjunction with any other liability insurance carried by the District.

The Corporation shall have the right to provide other kinds of insurance or methods or plans of protection against risk or loss which shall be in substitution for the public liability insurance otherwise required to be maintained by the Corporation, provided such other kinds of insurance, plans or methods shall afford reasonable protection to the Corporation, its members, directors, officers, agents and employees and the Trustee giving consideration to cost, availability and plans or methods of protection adopted by California school districts other than the District.

Earthquake Insurance. While any of the Bonds are outstanding, but only from and after the date when no 1975 Series A Bonds are outstanding, the Corporation shall procure and maintain earthquake insurance in an amount equal to the replacement cost of the structures, provided coverage is available at reasonable cost on the open market from reputable insurance companies. Such earthquake insurance may be subject to a deductible clause not to exceed 10 percent of replacement cost for any one loss and may be subject to a co-insurance clause of not less than 80 percent for any one loss.

Use and Occupancy Insurance. While any of the Bonds are outstanding but only from and after the date when no 1975 Series A Bonds are outstanding, the Corporation shall cause to be maintained use and occupancy insurance to cover total or partial loss of the use of Project Phase I facilities resulting from the above-described perils in an amount sufficient to pay the total rental due for the period of time allowed for the construction of the structures by the construction contractor plus three months subject to a deductible clause of thirty days.

Eminent Domain. While any of the Bonds are outstanding, but only from and after the date when no 1975 Series A Bonds are outstanding, if all or any part of the trust estate shall be taken by eminent domain proceedings, or sold under threat thereof, the proceeds therefrom shall be deposited with the Trustee and applied and disbursed as follows: (a) to be treated as revenues of the Project if the Project's operation has not been materially affected or the Corporation's ability to meet its obligations has not been impaired; or the proceeds shall be used if needed for repair or rehabilitation of the Project; (b) to be used to redeem Bonds if less than all of the Project shall have been taken by eminent domain and if the Project's operation has been materially affected, or the Corporation's ability to meet its obligations has been impaired; and (c) if all of the Project shall have been taken by eminent domain, the proceeds therefrom and any other available monies shall be used to redeem Bonds. If said monies are insufficient the Trustee shall apply the proceeds to meet the Trustee's costs of litigation and administration of its trusts under the Indenture, payment of principal and interest on the Bonds then outstanding, in full or ratably without preference or priority.

Additional Covenants. The Indenture contains other covenants, including but not limited to, the following whereby the Corporation agrees to:

(1) Punctually pay the principal and interest on the 1977 Refunding Bonds as they become due;

(2) Promptly collect all rents and charges due for the occupancy or use of the Project Phase I and to enforce its rights against any tenant who does not pay such rents and charges as they become due;

(3) Maintain, or cause to be maintained, proper books of record and account;

(4) Maintain, or cause to be maintained, in good condition and repair the Project Phase I facilities;

(5) Pay, discharge, or contest any taxes, assessments, or other charges upon Project Phase I or the revenues.

The Escrow Agreement

The following summary of major provisions of the Escrow Agreement, to be dated as of July 1, 1977, and to be entered into by the Corporation and California First Bank, does not purport to provide a complete and detailed description of all provisions

of the Escrow Agreement. Prospective purchasers of the 1977 Refunding Bonds are referred to the proposed form of Escrow Agreement contained in the Basic Legal Documents accompanying this Official Statement.

Pursuant to the Escrow Agreement, California First Bank will hold and invest in the Escrow Fund created pursuant to the Indenture the proceeds of the 1977 Refunding Bonds. The investments will be in direct obligations of the United States of America issued in book entry form on the books of the Department of the Treasury of the United States of America, and will bear interest sufficient to pay the

interest on the 1977 Refunding Bonds to and including January 1, 1987. These investments will mature on January 1, 1987 and will be used, together with other moneys to be made available, to provide for the redemption of \$28,400,000 principal amount of the 1975 Series A Bonds on January 1, 1987.

Estimated Annual Bond Service

Table 2 shows estimated annual bond service on the Corporation's 1977 Refunding Bonds based on an estimated interest rate of 6.80 percent that may be bid on the bonds.

Rendering of Dailard School financed with the Corporation's 1975 Series A Bond issue. The District now occupies the school.



Table 2
SAN DIEGO UNIFIED SCHOOL DISTRICT PUBLIC SCHOOL BUILDING CORPORATION
1977 REFUNDING BONDS OF SERIES A
Estimated Annual Bond Service

Payment Date	Bonds Outstanding	Estimated Interest at 6.80%	Principal Payable	Total Estimated Bond Service
1/1/78	\$28,300,000	\$ 962,200	—	\$ 962,200
7/1/78	28,300,000	962,200	—	962,000
1/1/79	28,300,000	962,200	—	962,000
7/1/79	28,300,000	962,200	—	962,000
1/1/80	28,300,000	962,200	—	962,000
7/1/80	28,300,000	962,200	—	962,000
1/1/81	28,300,000	962,200	—	962,000
7/1/81	28,300,000	962,200	—	962,000
1/1/82	28,300,000	962,200	—	962,000
7/1/82	28,300,000	962,200	—	962,000
1/1/83	28,300,000	962,200	—	962,000
7/1/83	28,300,000	962,200	—	962,000
1/1/84	28,300,000	962,200	—	962,000
7/1/84	28,300,000	962,200	—	962,000
1/1/85	28,300,000	962,200	—	962,000
7/1/85	28,300,000	962,200	—	962,000
1/1/86	28,300,000	962,200	—	962,000
7/1/86	28,300,000	962,200	—	962,000
1/1/87	28,300,000	962,200	—	962,000
Subtotal		\$18,281,800	—0—	\$18,281,800
7/1/87	\$28,300,000	\$ 962,200	\$ 705,000①	\$ 1,667,200
1/1/88	27,595,000	938,230	730,000①	1,668,230
7/1/88	26,865,000	913,410	755,000①	1,668,410
1/1/89	26,110,000	887,740	780,000①	1,667,740
7/1/89	25,330,000	861,220	805,000①	1,666,220
1/1/90	24,525,000	833,850	835,000①	1,668,850
7/1/90	23,690,000	805,460	860,000①	1,665,460
1/1/91	22,830,000	776,220	890,000①	1,666,220
7/1/91	21,940,000	745,960	920,000①	1,665,960
1/1/92	21,020,000	714,680	950,000①	1,664,680
7/1/92	20,070,000	682,380	985,000①	1,667,380
1/1/93	19,085,000	648,890	1,020,000①	1,668,890
7/1/93	18,065,000	614,210	1,055,000①	1,669,210
1/1/94	17,010,000	578,340	1,090,000①	1,668,340
7/1/94	15,920,000	541,280	1,125,000①	1,666,280
1/1/95	14,795,000	503,030	1,165,000①	1,668,030
7/1/95	13,630,000	463,420	1,205,000①	1,668,420
1/1/96	12,425,000	422,450	1,245,000①	1,667,450
7/1/96	11,180,000	380,120	1,285,000①	1,665,120
1/1/97	9,895,000	336,430	1,330,000①	1,666,430
7/1/97	8,565,000	291,210	1,375,000①	1,666,210
1/1/98	7,190,000	244,460	1,425,000①	1,669,460
7/1/98	5,765,000	196,010	1,470,000①	1,666,010
1/1/99	4,295,000	146,030	1,520,000①	1,666,030
7/1/99	2,775,000	94,350	1,575,000①	1,669,350
1/1/00	1,200,000	40,800	1,200,000①	1,240,800
Subtotal		\$14,622,380	\$28,300,000	\$42,922,380
Totals		\$32,904,180	\$28,300,000	\$61,204,180

① All bonds callable from any source of funds on or after July 1, 1987.
Source: Stone & Youngberg Municipal Financing Consultants, Inc.

THE REFUNDING PROJECT

The San Diego Unified School District Public School Building Corporation will use the proceeds of the \$28,300,000 San Diego Unified School District Public School Building Corporation 1977 Refunding Bonds, Series A currently being offered for sale to redeem on January 1, 1987 \$28,400,000 principal amount of 1975 Series A Bonds maturing by their terms on July 1, 2000. The \$28,400,000 principal amount of term bonds will be redeemed on January 1, 1987 simultaneously with the release of the lien of the 1975 Indenture on the Site Lease (Project Phase I) and Facility Lease (Project Phase I).

An additional \$600,000 aggregate principal amount of 1975 Series A Bonds maturing by their terms on July 1, 2000 are redeemable on January 1, 1987 from the Series A Sinking Fund Account provided for in the 1975 Indenture.

The 1975 Series A Bonds provided funds for the acquisition and construction of eleven permanent elementary schools. The specific elementary grade schools included were: Miramar Ranch, Ericson, Chesterton, Mason, Sandburg, Hickman, Walker, Dailard, Green, Penn, and Tierrasanta, including the acquisition of two existing privately-owned public school buildings situated at the latter school site. Construction at all schools is completed and the District presently occupies all facilities.

Refunding: Flow of Funds

The proceeds of the \$28,300,000 principal amount of 1977 Refunding Bonds shall be deposited in the Escrow Fund and invested by the Trustee until January 1, 1987 at which time it will be transferred for application to the redemption of the 1975 Series A Bonds.

An additional \$1,094,000 (to be provided by California First Bank on January 1, 1987 and to be ultimately provided from the excess balance in the 1975 Indenture Reserve Fund following redemption of the 1975 Series A Bonds) will provide for

the payment of the redemption premium (\$994,000) and the \$100,000 balance which together with the proceeds of the 1977 Refunding Bonds will refund \$28,400,000 1975 Series A Bonds.

A reserve fund under the Indenture will be funded by the California First Bank on or after January 2, 1987 from the surplus in the 1975 Indenture Reserve Fund.

It is presently anticipated that the amount available to be transferred from the 1975 Indenture to fund the Reserve Fund under the 1977 Indenture will be \$2,388,325 (approximately 71% of estimated maximum annual debt service on the 1977 Refunding Bonds).

The Corporation shall deposit with the Trustee for deposit in the Corporate Operation Fund on the date of the delivery of the 1977 Refunding Bonds an amount sufficient to pay the costs of bond issuance and expenses of the Corporation attributable to the 1977 Refunding Bonds and anticipated to be incurred prior to January 1, 1987 (estimated at \$225,000).

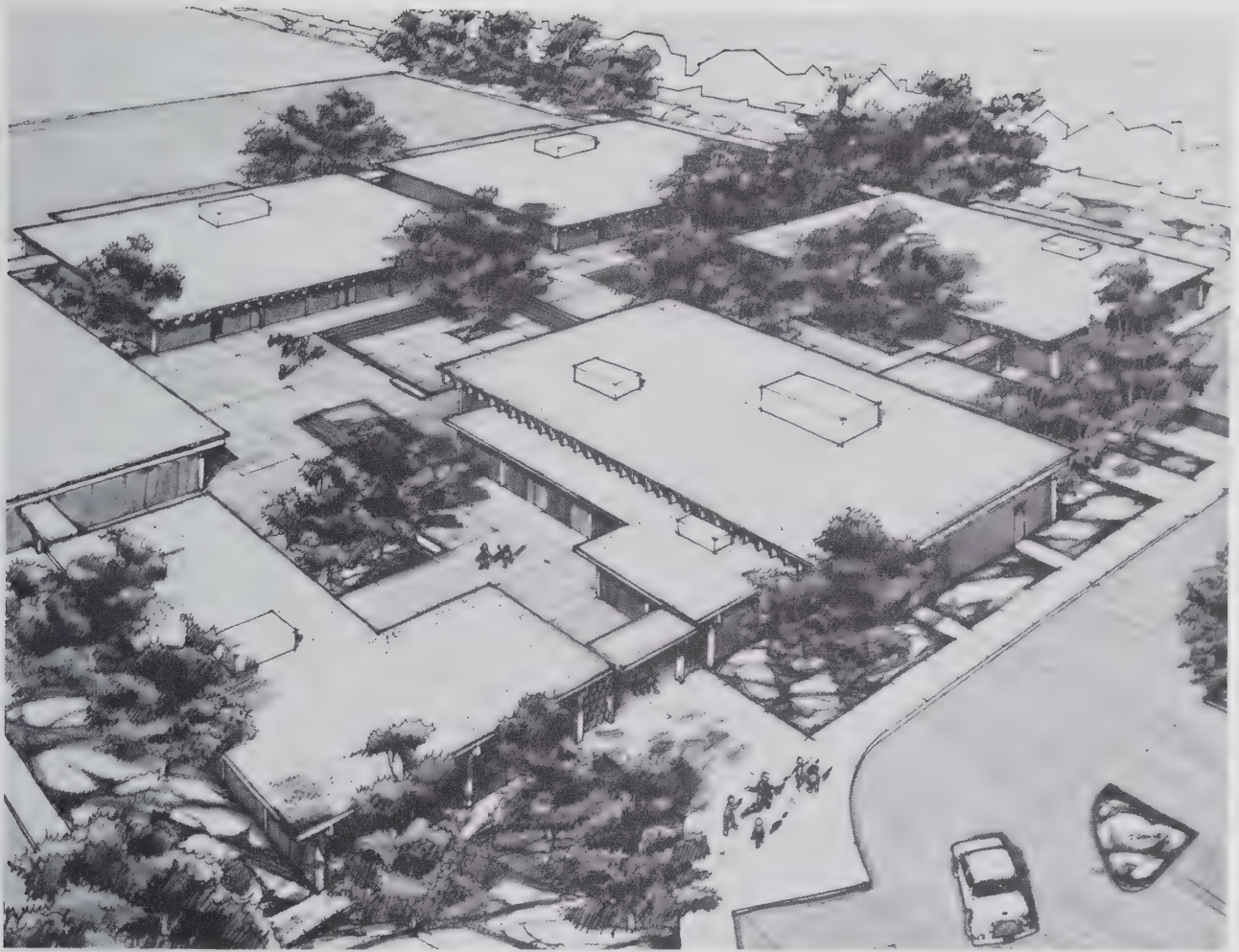
Payment of Debt Service on 1977 Series A Bonds

At the time the 1977 Refunding Bonds are delivered to the initial purchaser the Corporation will deposit with the Trustee the entire \$28,300,000 proceeds of the bonds for deposit in the Escrow Fund.

The Escrow Fund will be held by the Trustee, California First Bank. Money in the fund will be invested in direct obligations of the United States of America maturing on January 1, 1987.

Interest earned on the investments made with the money in the Escrow Fund will be deposited in the Interest Fund and be used by the Trustee to pay the interest on the 1977 Refunding Bonds coming due on or before January 1, 1987.

Debt service on the 1977 Refunding Bonds after January 1, 1987, will be payable from the rentals



Rendering of Walker School financed with the Corporation's 1975 Series A Bond issue. The District now occupies the school.

payable by the District under the Facility Lease (Project Phase I).

If for any reason the 1975 Series A Bonds cannot be redeemed on January 1, 1987, the 1977 Refunding Bonds will be redeemed without premium from the proceeds of the Escrow Fund on that date.

For the use and occupancy of Project Phase I Facilities (financed through the issuance of the 1975 Series A Bonds), the District is obligated under the Facility Lease to pay the Corporation a base rental semiannually which began on December 15, 1976 and each succeeding June 15 and December 15 up to and including June 15, 2000 unless the Facility Lease has been earlier terminated or extended. The yearly base rental of \$3,339,280 plus the yearly maximum additional rental of \$10,000 per year produces

a yearly aggregate rental of \$3,349,280. The rental will be reduced, starting after January 1, 1987, if the lower rental will be sufficient to retire the 1977 Refunding Bonds.

Based on the District's 1976/77 assessed valuation of \$2,863,981,313 (as adjusted for the redevelopment agency increment) and a tax delinquency of 3.50% (prior three year average delinquency of 2.54% and a 1975/76 delinquency of 3.02%), 12.1¢ of the maximum allowable 38.3¢ tax rate increase will be sufficient to pay the base and additional rental obligation of the Facility Lease (Debt service on 1977 Refunding Bonds cannot exceed the semiannual base rental obligation of \$1,669,640 of the 1975 Series A Bonds pursuant to the 1977 Refunding Bonds, Series A Notice of Sale).

DISTRICT ORGANIZATION AND FINANCIAL DATA

Organization

The San Diego Unified School District provides elementary and secondary school educational services to residents of a 196 square-mile area that includes most of the City of San Diego and a small adjoining unincorporated area. The City of San Diego, founded in 1769, is the oldest city in the State of California. The District has operated as a unified school district under the Laws of the State of California continuously since 1936. The District is governed by an independent Board of Education of five members who are elected at large for overlapping four-year terms. The Superintendent, who is appointed by the Board of Education, administers the District's affairs in accordance with policies of the Board of Education. The present superintendent, Dr. Thomas L. Goodman, has served the District in this capacity since 1971. Dr. Goodman has had more than 22 years of professional experience in public education and administration.

Dr. Goodman is directly assisted by Dr. Thomas A. Shannon, Deputy Superintendent for Administration and Dr. Ralph Patrick, Deputy Superintendent for Operations.

Dr. Thomas A. Shannon, Deputy Superintendent for Administration since July 1, 1973 acts as Superintendent in the absence of Dr. Goodman. From 1962 to 1973, Dr. Shannon was the Schools Attorney for the District and the San Diego Community College District. He has served as President of the National Organization on Legal Problems of Education; Chairman, Council of School Attorneys of the National School Boards Association; Legal Counsel, Association of California School Administrators; Legal Counsel, American Association of School Administrators; and Chairman, Advisory Committee to Revise School District Lease-Purchase Laws, California Assembly Education Committee.

As Coordinator for the Corporation's financing of construction, Dr. Shannon is responsible for the

overall direction and coordination of Project implementation activities of the District Construction Management Team; Finance Department and operating divisions of the District; Schools Attorney's Office; and coordination with the San Diego Unified School District Public School Building Corporation. Dr. Shannon is assisted by the following District staff:

Mr. Charles T. Glenn, Assistant Superintendent, Business Services Division. Mr. Glenn, who holds an M.B.A. degree from Stanford University Graduate School of Business, has had 28 years of professional school business management experience. The Business Services Division under Mr. Glenn's direction is responsible for all phases of the construction program and the coordination of activities of the District's Land and Facilities Planning Department and Facilities Planning Committee. Mr. Glenn will become Deputy Superintendent of Administration of the District when Dr. Shannon leaves the District to become Executive Secretary of the National School Boards Association on July 1, 1977.

Dr. Harold W. Culver, Director of Land and Facilities Planning. Dr. Culver holds the degree of Ed.D. from the University of California at Los Angeles and has been Director of the Land and Facilities Planning Department since 1958. Construction of all Projects is under the direct supervision of Dr. Culver.

Mr. Ronald Oakes, Controller. Mr. Oakes, who holds an M.B.A. degree in Business Administration from the Harvard Graduate School of Business Administration, has had over 20 years of experience in private business as controller and chief financial administrator. Mr. Oakes directs Project budgeting, accounting, and related financial planning functions for the District.

Mr. Ralph D. Stern, Schools Attorney. Mr. Stern holds a Juris Doctor degree from the University of Chicago Law School. He was selected as Assistant Schools Attorney in 1971 and has held the position of Schools Attorney since July 1, 1973. Mr. Stern is responsible for legal affairs of the District as they relate to Project implementation.

In addition to the above, other selected District staff personnel who provide assistance include Mr. J. V. Ward, Facilities Planning Coordinator, Business Services Division; Mr. Richard E. Canner,

Schools Architect; and Mr. Fred A. Johnson, Construction Supervisor, and Mr. Lewis E. Gary, Material Control and Warehousing Director.

Important advisory and liaison services are also provided by Mr. Irving L. McClure, Director, Elementary Division, and Mr. George D. Smith, Director, Secondary Division.

Facilities and Attendance

The District's facilities include 123 elementary schools, 19 junior high schools, 12 senior high schools, 2 junior-senior high schools, 3 continuation schools, 33 pre-school children centers, and 5 special education centers. The 1976/77 budget, which exceeds \$249,000,000, provides for the employment of 5,813 full-time certificated, 3,661 full-time classified, 414 administrative, and 5,400 part-time certificated and classified employees. The District's enrollment as of October, 1976 totaled 122,184. Table 3 shows District assessed valuations, average daily attendance, and assessed valuation per student in average daily attendance since 1972/73. These data indicate the District's assessed valuation increased approximately 60.4 percent and assessed valuation per unit of average daily attendance increased approximately 65.5 percent. Average daily attendance of 125,356 in April, 1977 represents a decrease of approximately 3.1 percent since 1972/73.

Assessed Valuations

The San Diego County Assessor assesses property for District tax purposes. District taxes are collected by the County Treasurer at the same time and on the same tax rolls as are city, county and special district taxes. Taxes on the secured roll are payable in two installments on November 1 and February 1, and become delinquent on December 10 and April 10, respectively. Unsecured roll property taxes are payable March 1, and become delinquent the following August 31.

The State Board of Equalization reports the 1976/77 San Diego County valuations to average 25.1 percent of full market value, except for public utility property, which is assessed by the State at 25 percent of full value.

Under California law, two types of exemptions of property from ad valorem taxes became effective in the 1969/70 fiscal year. One exempts 50 percent of the value of business inventories from ad valorem taxes. The other provides for an exemption of \$1,750 of the assessed valuation of an owner-occupied dwelling if the owner files for the exemption. Under a Constitutional Amendment, the California Legislature can raise the exemption. Revenue estimated to be lost to each taxing entity as a result of such exemptions is fully reimbursed to the taxing entity from state funds. The reimbursement is based upon total

Table 3

SAN DIEGO UNIFIED SCHOOL DISTRICT

Assessed Valuation and Average Daily Attendance

Fiscal Year	Assessed Valuation	Average Daily Attendance ^①	Assessed Valuation Per Unit Average Daily Attendance
1972/73	\$1,786,000,013	129,338	\$13,809
1973/74	2,017,626,550	127,341	15,844
1974/75	2,282,975,632 ^②	126,360	18,067
1975/76	2,520,473,747 ^②	125,815	20,033
1976/77	2,863,981,313 ^②	125,356 ^③	22,847

① Includes summer enrollments.

② Net after adjustment for redevelopment agency increment.

③ As of April, 1977.

Sources: San Diego County Auditor and Controller (Assessed Valuations), and San Diego Unified School District (Average Daily Attendance).

taxes which would be due on the assessed valuation of the property qualifying for these exemptions, without allowance for tax collection delinquencies.

In 1976/77, District homeowners' and business inventory exemptions totaled \$272,508,533. Table 4

shows a five-year history of the District's assessed valuations by the tax roll prior to deductions for the two previously discussed special exemptions. Table 5 presents the District's 1976/77 assessed valuation of tax roll before and after the exemptions.

Table 4
SAN DIEGO UNIFIED SCHOOL DISTRICT
Assessed Valuations by Tax Roll

Tax Roll	1972/73	1973/74	1974/75	1975/76	1976/77
Secured roll	\$1,438,932,814	\$1,639,532,682	\$1,873,503,429	\$2,066,952,798	\$2,367,828,174
Unsecured roll	238,680,799	266,031,948	295,263,013	330,608,329	360,045,909
Utility roll	108,386,400	112,061,920	114,209,190	122,912,620	136,107,230
Total	\$1,786,000,013	\$2,017,626,550	\$2,282,975,632 ^①	\$2,520,473,747 ^①	\$2,863,981,313 ^①

^① Net after adjustment for redevelopment agency increment.
Source: San Diego County Auditor and Controller.

Table 5
SAN DIEGO UNIFIED SCHOOL DISTRICT
1976/77 Assessed Valuation^①

Tax Roll	Taxable Assessed Valuation	Homeowner Exemptions	Business Inventory Exemptions	Assessed Valuation for Revenue Purposes
Secured	\$2,154,546,080	\$203,157,650	\$12,146,247	\$2,369,849,977
Unsecured	311,221,432	428,130	56,766,946	368,416,508
Utility	136,002,440	—0—	9,560	136,012,000
Total	\$2,601,769,952	\$203,585,780	\$68,922,753	\$2,874,278,485

^① Not adjusted for redevelopment agency increment which would reduce the total assessed valuation for revenue purposes by \$10,297,172. See table 4.

Source: San Diego County Auditor and Controller.

Revenue Limitations

Since 1973/74, California school districts have operated under general purpose property tax revenue limitations established in legislation adopted in 1973. Since 1973 allowable annual general purpose tax rates to be applied to a district's assessed valuation have been derived from a statutory formula which takes into account a number of factors includ-

ing adjustments for inflation, limited mandatory contributions to the Teachers' Retirement System, basic state aid, state equalization aid, changes in average daily attendance, and prior years tax collections. The tax required to raise the general purpose moneys is the District's maximum general purpose tax rate.

The District's revenue limit per unit of average daily attendance and general purpose tax rate in 1975/76 were: \$994.28 and \$3.837, respectively.

In 1976/77, the revenue limit per unit of average daily attendance is \$1,097.36 with a general purpose tax rate of \$3.862.

See the subheading "Litigation" in "The Bonds" section of this Official Statement for a discussion of the impact of the California Supreme Court decision in *Serrano v. Priest* on California school districts, including the District.

On November 5, 1974, voters of the District approved a measure to increase the District's revenue limit per unit of average daily attendance by \$24 for a five-year period beginning in 1975/76 for purposes of land acquisition, installation of intrusion alarm equipment at District schools, the removal of site deficiencies, and modification of existing facilities.

Tax Rates

Table 6 shows the San Diego Unified School District tax rate for the past five-year period. The District's total tax rate during this period has ranged from a high of \$4.848 (1975/76) to a low of \$4.536 (1974/75).

There are 56 Tax Code Areas in the District. The 1976/77 tax rates within this Code Area ranged from a high of \$10.652 to a low of \$8.058. Tax Code Area 8001 (1976/77 assessed valuation of \$2,277,177,524) represents 79.5 percent of the District's 1976/77 assessed valuation. Total tax rates per \$100 assessed valuation in this Tax Code Area for the past five years are shown in Table 7.

Table 6
SAN DIEGO UNIFIED SCHOOL DISTRICT
Property Tax Rates

	1972/73	1973/74	1974/75	1975/76	1976/77
General Non-Categorical	\$4.185	\$4.015	\$3.818	\$3.837	\$3.862
Bond Interest and Redemption .....	.377	.291	.253	.251	.175
Other Categorical① .....	.256	.328	.465	.760	.712
Total	\$4.818	\$4.634	\$4.536	\$4.848	\$4.749

① Earthquake safety; meals for needy; community services; State School Building loan repayment; child development; development center; voter-approved modifications of existing facilities (initially effective in 1975/76); and eligible equipment, site acquisition, site preparation, preparation of plans and specifications, and lease-rental payments for voter-approved facilities (initially effective in 1975/76).

Source: San Diego Unified School District.

Table 7
TAX CODE AREA 8001
Property Tax Rates

Entity or Purpose	1972/73	1973/74	1974/75	1975/76	1976/77
San Diego County	\$ 2.711	\$2.711	\$2.691	\$ 2.621	\$2.282
City of San Diego	1.774	1.753	1.753	1.733	1.548
San Diego Unified School District	4.818	4.634	4.536	4.848	4.749
Other Educational Purposes .....	.803	.831	.853	.828	.778
Total	\$10.106	\$9.929	\$9.833	\$10.030	\$9.357

Source: San Diego County Auditor-Controller.

Tax Levies, Collections, and Delinquencies

School District secured taxes appear on the same tax bill as County and City taxes, are payable in equal installments on November 1 and February 1, and become delinquent on December 10 and April 10, respectively. Taxes on properties appearing on the unsecured roll are assessed on March 1 and

become delinquent the following August 31. Table 8 summarizes the general purpose secured tax levies and the amount and percentage of the levy delinquent as of June 30 for the past five fiscal years in the District's tax code areas. The Table also provides the total collections in each of the last 5 fiscal years. During this period the rate of current year tax delinquency averaged 1.86 percent (three year average 2.54%).

Table 8
SAN DIEGO UNIFIED SCHOOL DISTRICT
Secured Tax Levies, Collections, and Delinquencies

Fiscal Year	Secured Tax Levy	Amount Collected (June 30)	Amount Delinquent (June 30)	Percent Delinquent (June 30)	Total Collections (June 30) ①	Percent Collected
1971/72	\$57,683,653	\$57,241,299	\$ 442,354	0.77%	\$57,772,572	100.15%
1972/73	65,642,595	65,064,206	578,389	0.88	65,953,517	100.47
1973/74	67,348,542	65,882,564	1,465,978	2.18	67,525,394	100.26
1974/75	76,176,542	74,329,163	1,847,379	2.43	75,445,351	99.04
1975/76	89,315,873	86,618,635	2,697,238	3.02	87,132,089	97.6

① Includes prior years' redemptions, penalties, and interest on secured roll.

Source: San Diego County Auditor and Controller.

Large Taxpayers

Some of the largest taxpayers in the District are listed below, as reported by the San Diego County Auditor and Controller.

Taxpayer	Product or Service	1976/77 Assessed Valuation①
Pacific Telephone	Utility	\$66,285,660
San Diego Gas & Electric	Utility	58,262,630
Solar Corp.	Manufacturer (gas turbines)	13,818,350
General Dynamics Corp.	Manufacturer (aircraft)	9,664,200
Copley Press, Inc.	Publisher	9,511,942
General Atomic Co.	Research (nuclear power systems)	8,776,700
El Portal Realty Co.	Real estate	6,998,500
Pardee Construction Co.	Developer	5,576,677
Prudential Insurance Co.	Insurance	3,043,750
Plaza Holding Co.	Holding company	2,369,200

① Including the homeowner's and business inventory exemptions.

General Fund Income and Expenditures

Table 9 presents a four-year summary of income and expenditures of the San Diego Unified School District as reported in Annual Budget Reports (Form J-41) of the District. Also included in Table 9 are the annual expenditure budgets and the variation of these budgets to budget appropriations as of June 30 of the respective years.

Beginning in 1974/75 all school districts in the State of California were required to follow accounting and financial reporting procedures in accordance with revenue source categories and expenditure object code classifications prescribed by the California

State Accounting Manual. Certain school district expenditure items prior to 1974/75 cannot, therefore, be directly compared with subsequent years.

The tabulations in Table 10 on the following page show a summary of the District's 1975/76 actual income and expenditures as shown in the Annual Budget Report (Form J-41), and a summary of the District's 1976/77 general fund budget.

Fund Balances

A summary of the District's fund balances as of June 30 for each of the past four years is presented on page 28.

Table 9

SAN DIEGO UNIFIED SCHOOL DISTRICT

Summary of General Fund Income, Expenditures and Transfers

	1972/73	1973/74	1974/75	1975/76
Beginning Balance①	\$ 6,741,668	\$ 7,023,548	\$ 12,609,344	\$ 8,892,141
Income				
Federal Income	\$ 13,846,437	\$ 14,818,113	\$ 18,404,445	\$ 20,045,191
Federal and State Income	610,245	2,344	—0—	—0—
State Income	38,576,593	49,578,519	52,212,216	56,129,721
County Income	942,442	1,110,169	1,548,734	1,874,486
Property Taxes	74,787,303	74,628,720	82,960,464	100,023,024
Other Local Income	1,535,526	2,745,325	4,674,098	5,709,561
Incoming Transfers	—0—	—0—	13,244	19,150
Total Income	\$130,298,546	\$142,883,190	\$159,813,201	\$183,801,133
Total Income Available	\$137,040,214	\$149,906,738	\$172,422,545	\$192,693,274
Expenditures				
Certificated Salaries	\$ 85,209,800	\$ 88,515,454	\$ 97,959,249	\$104,536,670
Classified Salaries	20,723,673	21,198,099	25,395,333	29,326,174
Employees Benefits	9,895,750	10,759,724	13,395,680	16,124,019
Books, Supplies and Equipment				
Replacement	5,588,921	5,214,933	7,754,622	7,371,896
Contracted Services and Other Operating				
Expenses	4,194,442	5,402,986	6,600,828	7,436,339
Sites, Buildings, Books and Media, and				
Equipment	3,068,131	3,851,904	6,050,071	9,790,547
Other (including Transfers)	1,335,949	2,354,294	6,374,621	4,521,606
Total Expenditures	\$130,016,666	\$137,297,394	\$163,530,404	\$179,107,251
Budget Appropriations June 30	\$139,625,729	\$147,193,893	\$174,296,740	\$193,001,608
Variance to Actual Expenditures	\$ 9,609,063	\$ 9,896,504	\$ 10,766,336	\$ 13,894,357
Ending Balance June 30①	\$ 7,023,548	\$ 12,609,344	\$ 8,892,141	\$ 13,586,023

① Does not include stores inventory.

Source: Annual Budget Report (Form J-41), July 1 to June 30, adopted by the Governing Board of the District for individual years.

Table 10**SAN DIEGO UNIFIED SCHOOL DISTRICT****General Fund Income and Expenditures**

	1975/76 Actual	1976/77 Budget
Beginning Balance	\$ 8,892,141	\$ 13,586,023
Revenues		
Federal Income	20,045,191	16,861,555
State Income	56,129,721	46,626,658
County Income	1,874,486	2,239,019
Property Taxes	100,023,024	127,033,072
Other Local Income	5,709,561	710,000
Incoming Transfers	19,150	—0—
Total Income	<u>\$183,801,133</u>	<u>\$193,470,304</u>
Total Revenues Available	<u>\$192,693,274</u>	<u>\$207,056,327</u>
Expenditures		
Certificated Salaries	\$104,536,670	\$111,906,195
Classified Salaries	29,326,174	30,536,984
Employee Benefits	16,124,019	20,184,671
Books, Supplies and Equipment Replacement	7,371,896	8,633,145
Contracted Services and Other Operating Expenses	7,436,339	12,520,769
Sites, Buildings, Books and Media, and Equipment	9,790,547	19,435,275
State School Building Loan Repayment, ROP and Exceptional Child Tuition, and Interfund Transfers	4,521,606	1,734,638
Total Expenditures	<u>\$179,107,251</u>	<u>\$204,951,677</u>
Ending Balance June 30.....	<u>\$ 13,586,023</u>	<u>\$ 2,104,650^①</u>

① Contingency and Ending Balance. The District estimates that the contingency and ending balance will exceed \$9,000,000 on June 30, 1977.

Source: Annual Budget Report (Form J-41), July 1, 1976 to June 30, 1977, adopted by the Governing Board of the District on August 9, 1976.

Fund Balance as of June 30

Name of Fund	1972/73	1973/74	1974/75	1975/76
General Fund	\$7,023,548	\$12,609,344	\$ 8,892,141	\$13,586,023
Bond Interest and Redemption Fund	5,097,163	4,591,797	4,658,073	4,741,177
Building Fund	179,163	906,972	747,942	3,441,061
Special Reserve Fund	—0—	—0—	55,805	62,556
State School Building Fund	3,184,270	2,754,309	21,340,785	7,987,526
Child Development Fund	367,735	1,381,357	2,065,031	1,457,306
Development Center Fund	92,232	492,694	55,839	167,324
Retirement Trust Fund	2,412,347	2,324,772	2,114,127	2,046,347
Special Trust Fund	149,444	218,970	97,125	163,619
Cafeteria Fund	1,068,743	1,236,390	1,436,554	1,521,211

Source: Annual Budget Report (Form J-41), July 1 to June 30, adopted by the Governing Board of the District for individual years.

Employer-Employee Relations

Until July 1, 1976 the District operated under the Winton Act which required that the District "meet and confer" in good faith with its certificated employees concerning matters of employer-employee relations. In the fall of 1974 the Legislature enacted a public school employee collective bargaining law known as the Rodda Act which became effective in stages on January 1, 1976, April 1, 1976 and July 1, 1976. This law provides that employees are to be divided into appropriate bargaining units which are to be represented by an exclusive bargaining agent. The teachers and related certificated employees of the District have, as a result of an election held on February 4, 1977, selected the San Diego Teachers Association as their exclusive bargaining agent. Negotiations with the San Diego Teachers Association for a contract covering the next school year are presently in progress. It is not possible at this time to predict the course of these negotiations, including whether any strike or work stoppage may occur, or the cost to the District of any contract which may result. The security employees of the District have selected as their exclusive bargaining agent the San Diego City Schools Police Officers Association. The other classified employees of the District have, as a result of unit determination hearings held before the Educational Employment Relations Board which is the state agency established to administer the Rodda Act, been divided into two bargaining units, one of which is primarily a "blue-collar" unit and the other a "white-collar" unit. Elections for the selection of an exclusive bargaining agent for each of these units will be held in the spring of 1977.

Pension Plans

The District participates in the State of California Teachers' Retirement System (STRS). This plan covers basically all full-time certificated employees. The District's contribution to STRS for fiscal year 1976/77 amounts to an estimated \$7,147,939, which includes both current costs and backfunding.

The District also participates in the State of California Public Employees' Retirement System (PERS). This plan covers all classified personnel who are employed at least 50 percent of the work-week. The District's contribution to PERS for 1976/77 is estimated at \$2,950,711, including current costs and backfunding.

Both systems are operated on a statewide basis. Records are maintained in such a way that information relating to vested benefits, unfunded vested

benefits, and prior service costs are not available for the District.

The State Teachers' Retirement System. This System is administered by the State of California with contributions from both employees and employers. The State of California also contributes \$135,000,000 annually until the year 2002, subject to annual legislative appropriation. The present value of these future State contributions was carried at \$1,747,624,637 on June 30, 1975.

The actuarial method used is a projected benefit cost method where level normal rates sufficient to fund benefits over the entire service life of members are computed. The contribution rates are established to fund current service and interest on the unfunded liabilities not being amortized by the state contribution. The System's financial statements are prepared on the accrual basis.

As of June 30, 1975, the total unfunded liabilities of the State Teachers' Retirement System were: \$1,747,624,637 (State contribution which is being amortized by the \$135,000,000 annual contribution) and \$6,257,975,000 (member contribution on which interest is being paid). This unfunded total liability is \$8,005,599,637 (Annual Financial Report, State Teachers' Retirement System, 6/30/75). The State Teachers' Retirement System reports that further changes in the contribution rates are now under study as the result of a recent actuarial analysis, and that increased contributions by both employers and employees may be put into effect in the near future.

The State Teachers' Retirement System's actuary is Milliman and Robertson, Inc. of San Francisco, California; Investment Counsel for equities is B A Investment Management Company, San Francisco, California; auditor is Coopers and Lybrand, Sacramento, California.

State Public Employees' Retirement System. This system was originally established in 1931. As of June 30, 1975, there were 535,786 members, of whom approximately 10% are classified as "safety" members (principally fire and police duties) and the balance are classified as "miscellaneous" members (management, administrative, staff, operational and clerical employees).

Approximately one-third of the members are state personnel and the balance are public agency personnel. As of June 30, 1975, the System provided retirement, death and survivor benefits under 901 contracts for about 1,900 public agency employers

(cities, counties, school districts, and other public agencies) with 356,517 members. The System's funding is by employer and employee contributions together with investment income. Contributions fluctuate yearly depending on the number of members and their respective salary schedules.

Total assets of the System at June 30, 1975 were \$7,010,807,246, according to the annual audit. Of this amount, net assets of \$6,966,356,482 were available for benefits. The annual contribution by the State of California for the 1974 and 1975 fiscal years, as reported by the State Controller, was \$162,649,578 and \$231,057,854, respectively.

The unfunded obligation of the System was determined to be \$5,723,459,587 at June 30, 1975 by the independent auditors. This represents the present value of future state contributions and other member contributions. This amount of the respective unfunded liabilities will vary from time to time depending upon the actuarial assumptions utilized, rates of return and salary scales. The present System policy is designed to satisfy the unfunded obligation by the year 2000 (source: Retirement System).

The System's financial statements are prepared on an accrual basis of accounting and the System's auditor is Coopers and Lybrand, Sacramento, California. Citicorp Investment Management, Inc., San Francisco, provides investment advisory services. The System's actuarial activities are conducted internally on a continuous basis, with an experience analysis being conducted no less than every four years. This function is now the responsibility of Benefit Technology, Santa Clara, California, which is expected to perform an actuarial valuation in 1977.

Bonding Capacity and Debt Statement

The currently offered \$28,300,000 principal amount of San Diego Unified School District Public School Building Corporation 1977 Refunding Bonds, Series A will not affect the District's bonding capacity.

The State of California Education Code provides that a unified school district shall not enter into any long term leases of buildings if the combination of: (a) 50 percent of the District's rental payments under such leases, plus (b) the outstanding district general obligation bonded indebtedness, exceeds 12.5 percent of the district's net taxable assessed valuation plus homeowners' and business inventories exemptions.

Based on the District's 1976/77 assessed valuation for this purpose as adjusted by the redevelopment agency increment (\$2,863,981,313) the 12.5 percent limit on the currently outstanding lease rental and general obligation bonded debt equals \$357,997,664.

Fifty percent of the District's aggregate rental payment obligations (including additional rental) resulting from the issuance of the Corporation's 1975 Series A Bonds total \$39,351,540. Fifty percent of the District's aggregate rental payment obligation (including additional rental) resulting from the issuance of the Corporation's 1975 Series B Bonds total \$32,664,024. An estimated fifty percent of the District's aggregate rental payment obligations (including additional rental) contemplated to be incurred from the issuance of subsequent series of bonds is \$32,025,000. The tabulation below shows that fifty percent of the District's estimated lease rental obligations plus general obligation bonded debt will approximate 38.12% of the District's general obligation bonded debt and lease rental limitation.

DISTRICT OBLIGATIONS

June 14, 1977

	Amount
General Obligation Bonds Outstanding	\$ 32,445,986
Fifty-Percent of Aggregate Lease Rentals	
a. Project Phase I Facility Lease . .	\$ 39,351,540
b. Project Phase II Facility Lease .	32,664,024
c. Estimated subsequent Facility Leases	32,025,000
Total	\$136,486,550

The direct and estimated overlapping bonded debt of the District, based on the 1976/77 assessed valuation, is shown in Table 11 on page 31. The District's general obligation bonded debt, plus the \$37,250,000 principal amount of the Corporation's Bonds of Series A and \$35,000,000 Bonds of Series B are shown for informative purposes only since bonds of the Corporation are not a debt or obligation of the District.

The District's share of authorized and unsold bonds are: \$23,151,950 Metropolitan Water District and \$3,634,895 City of San Diego Penasquitos Sewer District Bonds. State School Building aid repayable as of June 30, 1976 was \$21,114,516.

Table 11

SAN DIEGO UNIFIED SCHOOL DISTRICT

Statement of Direct and Estimated Overlapping Bonded Debt^①

Estimated Population	670,000		
1976/77 Assessed Valuation (after adjustment for the redevelopment increment)	\$ 2,863,981,313 ^②		
Estimated Real Value	\$11,412,000,000 ^③		

Public Entity	Percent Applicable	Estimated Debt Applicable June 14, 1977
San Diego County	44.692%	\$ 1,713,938 ^④
San Diego County Building Authorities	44.692	12,221,027
San Diego County Water Authority	46.948	24,948,167
Metropolitan Water District	6.343	34,013,703
San Diego Community College District	100.	5,408,000
San Diego Unified Port District	76.448	27,593,906 ^⑤
San Diego Unified School District (1951-60A Issues)	99.928-99.989	7,103,486
San Diego Unified SD (Subsequent Issues)	100.	97,592,500 ^⑥
Other School Districts	Various	171,298
City of San Diego	89.844	35,086,777 ^⑦
City of San Diego Building Authorities	89.844	23,745,769
Other Cities and Special Districts	Various	6,947,936
TOTAL GROSS DIRECT AND OVERLAPPING BONDED DEBT		\$276,546,507
Less: Bonds paid by water revenues		58,503,030
City water bonds		1,459,965
San Diego Unified Port District (100% self-supporting)		27,593,906
TOTAL NET DIRECT AND ESTIMATED OVERLAPPING BONDED DEBT		\$188,989,606

	Ratio to		
	Assessed Valuation	Real Value	Per Capita
Assessed valuation	—	—	\$4,275
Direct debt	3.66%	0.92%	\$ 156
Net direct and estimated overlapping bonded debt	6.60%	1.66%	\$ 282

① Prepared in cooperation with California Municipal Statistics Inc.

② Includes homeowners' and business inventory exemptions of \$272,508,533.

③ The State Board of Equalization reports that 1976/77 assessed valuations in San Diego County average 25.1 percent of full market value. Public utility property (\$136,107,230) is assessed by the State Board of Equalization at 25 percent of market value.

④ Excludes share of \$6,070,500 San Diego County (\$2,713,028).

⑤ Excludes advance refunding bonds.

⑥ Excludes \$28,300,000 advance refunding bonds currently being offered. \$37,250,000 1975 Series A Bonds and \$35,000,000 1975 Series B Bonds of the Corporation are not a debt of the District and are included here for informational purposes only.

⑦ Excludes share of \$12,824,159 City of San Diego Community Concourse Bonds (\$11,521,737).

Other Indebtedness

The District has payable to the State of California Pre-Field Act Construction Loans amounting to \$25,988,097. These moneys (approved by the Office of local assistance on a project by project basis) are being used by the District to conform existing facilities to the earthquake safety standards mandated by the State. The first project loans commenced in 1973/74. Loan payback is twenty years with District obligations extending through the 1998/99 fiscal year.

Education Code Section 19700.74 permits the District to levy a permissory tax of 35¢ per \$100 assessed valuation to pay off the loan. The annual loan payments are made in twenty equal installments and commence in the second fiscal year after the apportionment is made by the state. The amount of payment in each year reflects the aggregate apportionments made in the fiscal year two years prior.

The District obligation for loan repayment to the State was \$440,000 in 1976/77 and will be \$1,650,000 in 1977/78.

The District is also leasing with the option to buy from the United California Bank a computer and a data system. The lease payments follow:

District Lease Purchase Arrangements

COMPUTER

Lease Payment Date	Amount
7/1/77	\$188,906
7/1/78	188,906
7/1/79	188,906
7/1/80	79,358
Total	\$646,076

DATA SYSTEM

Lease Payment Date	Amount
10/1/77	\$ 14,656
10/1/78	14,656
10/1/79	14,656
10/1/80	14,656
Total	\$ 58,624

ECONOMY OF THE DISTRICT

The San Diego Unified School District provides elementary and secondary grade school services for most of the City of San Diego (more than 90 percent of the City's assessed valuation lies within the District), and a small adjoining unincorporated territory. This portion of the Official Statement is therefore concerned primarily with the City of San Diego, which contains nearly half the total population of San Diego County. Metropolitan San Diego is discussed in a separate section.

City of San Diego

The City of San Diego is located 125 miles south of Los Angeles, 525 miles south of San Francisco and 17 miles north of the Mexican border. It grew out of the first California mission—Mission San Diego de Alcalá—founded in 1769. San Diego was incorporated in 1850, the year California entered the Union. The city covers approximately 389 square miles (including 72 square miles of water) of the southwestern coastal area of San Diego County. City limits extend to the Mexican border around (and into the Pacific Ocean) through the communities of Chula Vista, National City, and Imperial Beach. The city ranks ninth among the nation's largest cities in terms of population. Elevations range from sea level to 1,592 feet.

Population

In April 1975 a special countywide census was undertaken by the California Department of Finance. The city's population was reported to be 770,344,

a gain of 10.6 percent over the 1970 U.S. Census. The city's population more than doubled between 1950 and 1970, with almost two-thirds of the net increase occurring in the decade of the fifties. U. S. Census tabulations from 1940 through 1970 for the City of San Diego and San Diego County are shown at the bottom of the page.

Housing

The 1970 Census of Housing reported 240,976 year-round dwelling units in the city. Sixty-five percent were single family structures with owner-occupied homes valued at a median of \$22,500. Median rent was \$113 per month.

Since the 1970 Census, new residential construction has favored multiple units by a considerable margin. The 1975 Special Census reported 289,803 housing units in the city, an increase of 48,827 over the total in the 1970 Census. In 1975, about 59 percent of all dwelling units were single-family homes, 38 percent were multiple units and slightly less than 3 percent were mobile homes.

Income

In the 1975 Census median household income was computed by major statistical areas and subregional areas utilized by the San Diego County Integrated Planning Office in demographic studies. In those statistical areas served by the District, median household income ranged from lows of \$6,665 in Central San Diego and \$8,141 in Midcity to highs of \$17,021 in northeast San Diego and \$17,169 in the University area in and around La Jolla, an area with a high percentage of professional and research people.

The tabulation on page 35 provides a breakdown of household income by income class in two sub-regional areas of San Diego County which embrace most of the District. In the Central Area, which includes downtown San Diego and the Peninsula, approximately 22 percent of families surveyed real-

Population Census Data

U.S. Census	City of San Diego	Percent Change	County of San Diego	Percent Change
1940	203,341	—	289,348	—
1950	334,387	64.4%	556,808	92.4%
1960	573,224	71.4	1,033,011	85.5
1970	696,769	21.6	1,357,854	31.4



Panoramic view of San Diego Skyline from the Shelter Island Recreational Area.

ized annual incomes of \$15,000 or more. In the suburban areas collectively termed North City, the proportion of households in this income classification rose to more than 45 percent.

CITY OF SAN DIEGO

Household Income by Income Class

1975 Special Census

Income Class	Number of Households	
	Central ^①	North City ^①
To \$9,999	61,864	26,291
\$10,000-14,999	19,831	20,683
15,000-19,999	10,201	16,305
20,000-24,999	7,333	11,264
25,000-39,999	3,782	8,598
40,000 and more	1,452	3,078
	104,463	86,219

① Subregional areas which together cover most of the District.

Source: San Diego County Integrated Planning Office.

Employment

The State Department of Employment Development compiles employment data on a county basis. In March 1977 (latest data available), the total civilian labor force in San Diego County was 656,700 and total civilian employment was 587,500. Both levels were increases over the same month of 1976. The unemployment rate (unadjusted) was 10.5 percent, compared with 12.9 percent the previous March. The employment figure for March was the second highest on record, bettered only by last December's total, which reflected Christmas hiring.

Government employees in San Diego account for over 27 percent of all non-farm wage and salary workers, with state and local government payrolls comprising the bulk of employment in this category. The next most important sources of jobs are services, retail trades, and manufacturing, in that order.

Average annual employment by industry in San Diego County is shown in the accompanying tabulation. As reflected in this summary, largest job gains since 1972 have occurred in retail trade, services, and state and local government.

Those establishments in the county with 500 or more employees are shown on page 36.

METROPOLITAN SAN DIEGO

Non-Agricultural Wage and Salary Employment

(000 omitted)

	Annual Averages				
	1972	1973	1974	1975	1976
Construction	26.7	28.6	23.1	20.3	20.5
Manufacturing (durables)	50.4	54.7	56.6	57.6	56.6
Manufacturing (nondurables)	13.9	14.6	18.9	14.5	15.5
Transportation, utilities	22.1	23.1	23.2	22.6	22.9
Trade (wholesale)	13.7	15.4	16.6	16.7	18.0
Trade (retail)	78.7	84.3	87.9	92.0	96.5
Finance, real estate	22.1	23.7	24.9	24.6	26.2
Services	84.3	91.4	95.9	97.0	101.5
Government (federal)	34.5	35.7	36.9	37.2	39.0
Government (state and local)	75.0	78.3	80.2	86.4	90.1
Other non-agricultural .....	.5	.5	.5	.5	.8
Total non-agricultural employment	421.9	450.3	464.7	469.4	487.6

Source: State Department of Employment Development.

METROPOLITAN SAN DIEGO MAJOR EMPLOYERS

500 or More Employees

5,000 and over

General Dynamics, Convair Aerospace
National Steel & Shipbuilding Co.
Pacific Telephone & Telegraph Company
Rohr Industries, Inc.

3,000-4,999

San Diego Gas & Electric Company
Solar (Division of International Harvester)

2,000-2,999

Foodmaker, Inc.
General Atomic Company
NCR Corp., Data Processing Division
Pacific Southwest Airlines
Sears, Roebuck & Company
Teledyne Ryan Aeronautical

1,000-1,999

Atlas Hotels, Inc.
Bank of America
Bechtel Power Corporation
Broadway Department Stores
California First Bank
Consolidated Facility Services, Inc.
Fedmart Corporation
Food Basket, a Subsidiary of Lucky Stores, Inc.
General Dynamics, Electronics Division
The May Company
Mercy Hospital & Medical Center
Montgomery Ward & Company
J. C. Penney Stores
Safeway Stores, Inc.
Servomation Duchess, Inc.
Union-Tribune Publishing Company
Van Camp Seafood Corporation
Walker Scott Company

500-999

Alpha Beta Acme Markets, Inc.
American Airlines, Inc.
Ametek, Straza Division
Bay General Hospital
Big Bear Super Markets, Inc.

Bullock's
Carrier Boys of America, Inc.
Casa Blanca Convalescent Centers
Children's Health Center
Cubic Corporation
Del Mar Thoroughbred Club
Denny's Restaurants
Deutsch Company, E.C.D.
Fotomat Corporation
Grossmont Hospital District
The Handyman Stores
Hewlett Packard Company, San Diego Division
Home Federal Savings & Loan Association of
San Diego
Hotel del Coronado
K-Mart, a Subsidiary of S. S. Kresge Company
Kaiser Permanente Medical Care Program
Kelly Services, Inc.
Kentucky Fried Chicken
La Costa Resort Hotel & Spa
Mayfair Markets
McDonald's Corporation
Palomar Memorial Hospital
Paradise Valley Hospital
San Diego Marine Construction Company, a Division
of Campbell Industries
San Diego Trust & Savings Bank
San Diego Yellow Cabs, Inc.
Scripps Clinic & Research Foundation
Scripps Memorial Hospital
Sea World, Inc.
Security Pacific National Bank
Donald N. Sharp Memorial Community Hospital
William Simpson Construction, a Dillingham
Company
The Singer Company, Kearfott Division
Sony Corporation of America
Stromberg Datagraphix, Inc., a Subsidiary of
General Dynamics
Thrifty Drug Stores
Tri-City Hospital District
University Mechanical & Engineering
Contractors, Inc.
Vista Hill Psychiatric Foundation
Von's Grocery Company
Zoological Gardens of San Diego

Source: San Diego Chamber of Commerce.

Commerce

As the trade and service center of San Diego County, the city accounts for more than 50 percent of total taxable transactions in the county. Taxable sales in the city for 1976 totaled nearly \$2.7 billion, an increase of 12½ percent over the previous year. Taxable sales through retail outlets increased 15 percent during the year.

Taxable transactions in San Diego by years since 1971 are summarized in the following tabulation at the bottom of this page.

Mexican nationals spend approximately \$80 million in San Diego County each year, based on estimates by the San Diego Chamber of Commerce. This is roughly 15 percent of total visitor expenditures. Devaluation of the peso by the Mexican government in the fall of 1976 has had an adverse effect on retail sales in certain areas, particularly near the border. The full effects of the devaluation cannot be determined at this time.

In December 1976 the city issued a building permit valued at \$4,374,000 to The Broadway Co. for construction of a new department store at University City Shopping Center in La Jolla.

Construction

In 1976 the city's total building permit valuation reached a record \$469,282,000, about 82 percent higher than the average annual permit valuation for the three preceding years. The City of San Diego was sixth among all U.S. cities in total building permit valuations for the first half of 1976, according to Dun & Bradstreet's Business Economics Division.

Over the past five years the City of San Diego issued building permits valued at nearly \$1.7 billion. Slightly more than 62 percent of this total dollar volume consisted of residential valuation. Residential permits during this five-year period included 41,932 housing units, of which 25,182 were in multi-family buildings.

Building permit valuation in San Diego by individual years since 1972 is presented on page 38. A selected list of major permits issued by the city during January-February 1977, appears on page 39.

In the past 15 years, more than \$300 million has been spent for new construction in the downtown area. An addition to San Diego's skyline is the Community Concourse located on a seven-acre site in the central core of the city. It includes a 13-story City Administration Building and an adjoining six-story operations building, a convention-exhibit hall, a 1,000-car public garage, and the Civic Theater. The complex represents an investment of more than \$28 million.

Among major projects recently completed in the city are a \$44.2 million federal office building and courthouse, and a 22-story office building for Central Federal Savings and Loan Association. The federal complex anchors a redevelopment program (Horton Plaza) encompassing about 15 square blocks south of the central business area. The redevelopment plan for this area includes a proposed shopping center by the E. W. Hahn interests. Mervyn's and Robinson's have both indicated interest in building department stores in the area.

Contiguous to Horton Plaza are two other redevelopment projects. The Marina Project is a \$30 million program embracing 125 acres and is pri-

CITY OF SAN DIEGO

Taxable Transactions

(\$000 omitted)

Year	Retail Outlets		All Outlets	
	Permits	Transactions	Permits	Transactions
1971	5,311	\$1,048,131	11,489	\$1,469,149
1972	5,459	1,222,714	12,003	1,709,809
1973	5,729	1,409,581	12,618	1,941,781
1974	5,838	1,540,328	13,350	2,159,690
1975	6,023	1,669,179	14,417	2,397,337
1976	6,302	1,919,237	15,925	2,697,408

Source: State Board of Equalization.

marily residential. The Columbia Project of 156 acres is a private commercial development estimated at \$40 million. A new convention center is now under

study and may be built in this area, supplementing the city's present convention-exhibit hall at Community Concourse.

CITY OF SAN DIEGO
Building Permit Valuation
(\$000 omitted)

	1972	1973	1974	1975	1976
Value:					
Residential	\$298,433	\$149,079	\$108,049	\$155,321	\$338,237
New commercial	66,985	50,941	48,793	27,048	64,523
New industrial	18,851	16,818	34,397	19,331	19,622
Other non-residential	51,009	35,344	73,259	55,410	46,900
Total	\$435,278	\$252,182	\$264,498	\$257,110	\$469,282
Number of residential units:					
Single	5,620	3,123	1,610	2,520	3,877
Multiple	9,798	3,692	2,623	2,529	6,540
Total	15,418	6,815	4,233	5,049	10,417

Source: *California Construction Trends*, Security Pacific Bank.

Evening view of San Diego's Community Concourse and neighboring buildings.





Scripps Institution of Oceanography, University of California at San Diego.

CITY OF SAN DIEGO
Selected Major Building Permits
January-February, 1977

Project	Owner/Builder	Permit Value
Tract homes (24)	Avco Community Developers Inc.	\$1,222,400
Tract homes (33)	Harry L. Summers Inc.	1,411,600
Single homes (60)	Larwin So Cal Inc.	2,539,320
Tract homes (27)	The William Lyon Co.	1,223,620
3-4 unit dwellings (37)	Donald L. Bren Co.	1,608,000
3-4 unit dwellings (48)	Treetops Unlimited	1,784,400
Apartments (33)	Donald L. Bren Co.	1,220,000
Apartments (112)	Lion Property Corp.	3,107,000
Apartments (89)	Mabie & Mintz	1,404,000
Apartments (82)	Shapell Industries	2,400,000
Motel	Motorola Inc.	900,000
Industrial	P. G. & E.	784,200
Tract homes (90)	Cemland Development Co.	3,497,760
Tract homes (38)	Darmor	1,006,500
Tract homes (20)	Fletcher Hills Venture	1,256,100
Tract homes (22)	La Jolla Woods Dev. Co.	1,670,000
Tract homes (47)	Parkview #3 Inc.	2,473,400
Tract homes (42)	Valley Crest	1,595,800
Condominiums (56)	Treetops Unlimited	2,083,000
Apartments (234)	American Development Corp.	6,148,000
Apartments (75)	Gentry & Coles	1,228,000
Apartments (224)	Quail Run	3,602,473
Apartments (116)	Ranbir S. Sahni	2,554,000
Industrial	Ron Young San Diego Bus. Ctr.	1,194,400
Medical office	National Medical Enterprises	1,168,000
Stores	John S. Griffith Co.	1,715,000
Shopping center	University Town Center	1,370,000

Source: *California Construction Trends*, Security Pacific Bank.

Industry

There are over 1,200 manufacturing firms in the San Diego Metropolitan Area. Leading industries are transportation equipment, nonelectrical machinery, and electrical equipment. These three industries account for over 60 percent of employment and payrolls and generate wages and salaries exceeding half a billion dollars annually in the San Diego labor market.

Important individual industries within the above major categories are aircraft and parts, ship building and repair, office and computing machines, communication equipment, and electronic components. Other important job-producing industries in San Diego are fabricated metal products, printing and publishing, instruments, and food products. A summary of industrial employment and payrolls in San Diego County appears in the accompanying tabulation. San Diego has available land and appropriate zoning for substantial expansion of industry.

Major employers in the San Diego area shown on page 36 include General Dynamics, National Steel and Shipbuilding Company, Rohr Industries, General Atomic Company, and Solar Division of International Harvester Co.

General Dynamics Corporation employs nearly 8,000 persons in San Diego at two divisions (Convair Division, Electronics Division) and its Stromberg DatagraphiX Inc. subsidiary. General Dynamics has been involved in the design and development of a space shuttle system with Rockwell International, and is prime contractor for the Cruise missile. The firm has a multi-million dollar contract with McDonnell Douglas Corporation for the manufacturing of fuselage sections for the DC-10.

Solar Division of International Harvester (3,000 employees) produces industrial turbine packages in generator sets, compressors and mechanical drives. Solar is reported to account for nearly half the world market for industrial turbine packages. Solar has constructed a gas turbine manufacturing plant in San Diego which has approximately one million square feet under roof.

National Steel and Shipbuilding Co., owned equally by Kaiser Industries and Morrison-Knudsen, builds tankers, freighters, and other large vessels. It has more than 6,000 employees.

Rohr Industries Inc. employs approximately 9,000 people nationally and 5,400 in the San Diego area. Rohr's primary business is building power

SAN DIEGO COUNTY

Manufacturing Employment and Payrolls

Industry	Number of Employers ^①	Total Quarterly Wages ^①	Number of Employees ^②
Food products	75	\$ 11,475,264	3,788
Apparel	59	5,034,668	3,750
Wood products	51	1,342,743	542
Furniture and fixtures	39	1,472,810	672
Printing and publishing	234	13,641,011	4,689
Chemicals	29	3,590,711	1,124
Stone, clay, glass	50	2,971,859	899
Primary metals	15	2,373,009	692
Fabricated metal products	115	18,437,595	4,606
Nonelectrical machinery	154	30,714,874	9,452
Electrical equipment	128	27,914,152	9,329
Transportation equipment	105	83,773,764	24,477
Instruments	65	8,370,406	3,270
Miscellaneous and Other	154	5,639,736	2,609
Totals	1,273	\$216,752,602	69,899

① Third quarter 1975.

② September 1975.

Source: *California Employment and Payrolls*, State Department of Employment Development. The report covers all employers submitting quarterly reports under UI programs.

plants for commercial transport planes. It also builds fuselage sections and cargo doors. The company manufactures rail transit cars, but has announced its intention to drop this business after completing current contractual obligations.

General Atomic Co. (formerly Gulf Energy & Environmental Systems) is active in the design, development and marketing of nuclear power plants, employing approximately 3,000 persons.

Teledyne Ryan Aeronautical, which built Lindbergh's "Spirit of St. Louis", traces its organization to 1922. The Company produces subsonic and supersonic aerial jet targets, a Doppler navigation set, microwave sensors, electronic counter-measures, micro-electronic packaging, and spacecraft instrumentation. The firm employs about 2,000 workers.

International Telephone and Telegraph Co. (Cable-Hydrospace Division) has built a \$45 million industrial complex in San Diego to produce submarine and other cable. ITT currently employs 350 and forecasts that it may eventually employ 1,000 at San Diego plants.

Sony Corporation of Japan, employing over 1,000, people, occupies a 140,000-square foot plant on a 30-acre site for the assembly of color television sets.

The electronics industry provides employment for more than 11,000 persons in Metropolitan San Diego. Leading electronics and computer manufacturing firms are the Electronics Division of General Dynamics, NCR Corp., Cubic Corporation, Honeywell Information Systems, Cohu Inc., Stromberg-Datagraphix, Spectral Dynamics, Control Data, Burroughs Corporation, Conic Corporation, Hewlett-Packard, and Hughes Aircraft Co.

Military Installations

San Diego is headquarters for the Eleventh Naval District, embracing nine Southern California counties, Clark County in Nevada, and the State of Arizona. There are numerous Navy facilities in the San Diego area. Principal installations in the downtown area include the 11th Naval District Headquarters, Naval Supply Center, and the Engineering Facilities Command. U.S. Naval Station San Diego is the largest operational station in the Navy.

Larger naval facilities around the bay are the Submarine Support Facility and Naval Electronics Laboratory Center (on Point Loma); the Naval

Training Center and Marine Corps Recruit Depot (North Bay); the Naval Air Station (North Island); the Naval Amphibious Base (Coronado Strand); the Naval Station and Inactive Ship Maintenance Facility (South Bay); and the Naval Radio Station (Imperial Beach).

San Diego is the home port for approximately 120 warships. Navy personnel at major bases in the area, combined with ship crews, total over 85,000. Marine Corps personnel at Camp Pendleton and the U. S. Marine Corps Recruit Training Depot number approximately 35,000.

Total disbursements by the Navy and Marine Corps in San Diego County during 1976 amounted to \$2,174,573,740, a gain of nearly 8 percent over 1975. Active duty military payrolls accounted for 49 percent of total disbursements. Retired military payments increased slightly more than 15 percent to \$236 million. The total number of uniformed personnel remained fairly constant at 119,455, but the number of retired grew by 5 percent to 35,995. Civil service personnel dropped slightly from 29,557 to 27,852.

The overall military contribution to San Diego's economy of over \$2 billion, as summarized in the tabulation below, places the military in second position as contributor to the local economy. San Diego's manufacturing industries collectively generate the largest single annual source of payrolls, taxes, and local purchases, according to the Chamber of Commerce.

SAN DIEGO COUNTY

Military Disbursements 1976

Category	Amount
Active Duty Military Payroll	\$1,073,024,087
Civilian Employee Payroll	387,191,739
Reserve Drill Pay	4,468,795
Retired Military Payments	236,067,364
Vendor/Contract Payments	369,221,755
Military Construction	104,600,000
Total Expenditures	\$2,174,573,740

Source: Military Affairs Division, San Diego Chamber of Commerce.

Research and Development

Research and development activity plays an important role in the San Diego economy. Construction of a major campus of the University of California at San Diego (UCSD) added impetus to this development.

San Diego County is a leading health sciences and biomedical center. Approximately 28,000 persons are engaged in life sciences-related activities in the metropolitan area. In addition to UCSD, other established research institutions in San Diego include the Salk Institute, the Scripps Clinic and Research Foundation, and Scripps Institution of Oceanography.

The Salk Institute, headed by Dr. Jonas Salk, was established at San Diego in 1963 for pure and applied research in the life sciences, uniting biological studies in such fields as the nature of living organisms with research in practical medicine.

A center of biological research, as well as medical training and actual treatment, is the Scripps Clinic and Research Foundation. The foundation, a non-profit organization founded in 1924, is headquartered in a \$25 million plant on a 12-acre site near the UCSD medical school. This organization operates over 40 laboratories and has more than 700 research employees, including senior scientists and fellows who are MD's or hold other doctorates.

A Veterans Administration Hospital, located adjacent to UCSD's School of Medicine, represents a major contribution to biomedical research in the area. It was built at a cost of \$35 million in 1972.

The Scripps Institution of Oceanography has been a unit of the University of California since 1912. The Institution occupies nine buildings on a 159-acre site in the La Jolla section of San Diego, where it is engaged in postgraduate education as well as research. The Institution is the world's leading center of marine biological research. Among its extensive facilities is the largest oceanographic fleet in the nation.

The Naval Electronics Laboratory is an outgrowth of the radio station established by the Navy at San Diego in 1906. The laboratory performs research, development and tests in the fields of radio, radar, sonar, oceanography and scientific research instruments. San Diego has also been the scene of the Aquanaut and SEA-LAB projects for studying the effects of prolonged undersea living on human beings.

Lockheed Ocean Laboratories, a unit of Lockheed Missiles and Space Company of Sunnyvale, California, is located at the entrance to Harbor Island. It is a major contractor with the Navy Deep Submergence Systems Project for the design, construction and testing of a Deep Submergence Rescue Vehicle (DSRV).

General Atomic Co. ranks as the world's largest privately-owned center for diversified nuclear development, with approximately 500,000 square feet of laboratory facilities representing an investment of more than \$23,000,000 on its 350-acre site near the UCSD campus.

Visitor and Convention Business

The visitor and convention industry contributes approximately \$800 million dollars annually to the economy of the area, according to studies by the San Diego Convention and Visitors Bureau. The visitor industry payroll for 1976 is estimated at \$236 million.

In 1976 San Diego hosted 889 conventions, attended by over 480,000 delegates who spent in excess of \$135 million. A tabulation of convention business is shown in the tabulation on page 43.

An excellent climate, proximity to Mexico, extensive Navy facilities, Coronado, and such attractions as the San Diego Zoo, Sea World, San Diego Wild Animal Park, and Cabrillo National Monument are prime tourist attractions. Contributing to the growth of visitor business has been the development of the 4,600-acre Mission Bay Park and the construction of new hotels, motels, and convention facilities at the San Diego Community Concourse.

The famous San Diego Zoo has more than 5,000 animals of 1,575 species, comprising one of the world's largest wild animal exhibits. Other attractions in the 1,400-acre Balboa Park are Children's Zoo, the unique Old Globe Theatre, Fine Arts Gallery, Museum of Man, Natural History Museum, Spanish Village Art Center, Balboa Bowl, Balboa Stadium, a \$3 million Planetarium and Scientific Exhibit Hall, and two golf courses. Nearly 3.3 million persons visited the Zoo in 1976.

Sea World, opened in 1964, encompasses 70 acres of bay waters and land area. More than two million visitors were recorded in 1976, an increase of 9.7 percent over 1975. Cabrillo National Monument, located at the most southwesterly point in the United States, hosts over 1½ million people annually.

The 1800-acre San Diego Wild Animal Park, located three miles east of Escondido, reported approximately one million visitors in 1976, a record number.

SAN DIEGO CONVENTIONS

	Number of Conventions	Number of Delegates	Estimated Spending
1970	531	343,825	\$ 51,000,000
1971	573	302,400	44,897,328
1972	602	348,796	55,807,360
1973	631	355,000	56,846,880
1974	771	443,310	79,795,800
1975	821	468,002	102,960,440
1976	889	485,563	135,954,840

Source: San Diego Convention and Visitors Bureau.

Finance

Banking services in the city are provided by Bank of America (30 offices, including five at military installations), California First Bank, Bank of Montreal-California, California Canadian Bank, California Heritage Bank, The Chartered Bank of London, Citizens Western Bank, Grossmont Bank, Crocker National Bank, Imperial Bank, Lloyds Bank California, Mexican-American National Bank, Pacific Coast Bank, Peninsula Bank, San Diego Trust and Savings Bank (7 offices), Security Pacific National Bank (9 offices), Sumitomo Bank of California, Union Bank, United California Bank (3 offices), Wells Fargo Bank, Westlands Bank, and the Women's Bank.

Twelve savings and loan associations maintain offices in the city. San Diego-based Imperial Corporation of America is a \$3 billion holding company which owns nine savings and loan associations operating more than 120 offices in Texas, Colorado, Kansas and California.

Bank debits in the City of San Diego for the first quarter of 1977 totaled \$21,687,915,000, according to the Federal Reserve Bank of San Francisco. This is about \$354 million greater than the same period of 1976. Bank deposits at March 31, 1977 were \$844,637,000, compared with \$742,812,000 at the equivalent date of the previous March.

Transportation

San Diego's natural harbor is one of the finest in the world. The Port of San Diego has been an important source of commerce for many years. Total annual tonnage over the piers has grown by over 30 percent since 1970, as shown in the tabulation of marine commerce on page 44. Member cities of the San Diego Unified Port District are San Diego, National City, Chula Vista, Imperial Beach and Coronado.

San Diego has one of the nation's most conveniently located commercial airports. International Airport (Lindbergh Field) is located approximately a mile west of the downtown area, at the edge of San Diego Bay. The facilities are owned and maintained by the San Diego Unified Port District and are leased to commercial airlines and other tenants. San Diego International is California's third most active commercial airport. A \$10,000,000 air terminal has been constructed and a ten-gate addition was completed in 1976. The main runway has been extended to handle the largest jetliners. A 22-acre parking ramp for commercial aircraft has been built. The airport is served by nine scheduled airlines, including Pacific Southwest Airlines (PSA), which is headquartered at the field. Since 1970, both passenger traffic and cargo shipments have increased, as shown in the tabulation on page 44. A new West Terminal is planned for completion in the fall of 1978. It will supplement the present air terminal.

San Diego is the western terminus of Interstate 8 originating in Jacksonville, Florida. Interstate 5, the major north-south route through California, connects San Diego with other major West Coast cities. U. S. Highway 395 and Interstate 15 join north of the city to provide an alternate route through Escondido to San Bernardino and Riverside. Interstate 5 is being constructed to full freeway standards (eight lanes) from Tijuana to Orange County while Interstate 8 and 805 are being expanded to six and eight-lane freeways in San Diego County. Interstate 805 is an express route from Del Mar to the Mexican border, passing west of Montgomery Field (the auxiliary city airport) and east of the city center.

Greyhound and Continental Trailways schedule regional and interstate motor transportation. Local bus service throughout the Greater San Diego Area is provided by the San Diego Transit Corporation, a non-profit corporation formed by the city to acquire the facilities of the previous privately-owned company.

The San Diego Coronado Bay Bridge, opened in 1969, links the City of San Diego with the Coronado Peninsula.

San Diego is the terminus of the Atchison, Topeka and Sante Fe Railway route from Los Angeles and San Bernardino. AMTRAK passenger service is available at San Diego. The San Diego and Arizona Eastern Railway, part of the Southern Pacific System, provides freight service to the Imperial Valley and other eastern points. Southern Pacific has proposed abandonment of this line, and is awaiting regulatory approval.

SAN DIEGO INTERNATIONAL AIRPORT

Fiscal Year	Number of Passengers	Pounds of Air Cargo
1970	3,341,291	38,638,400
1971	3,464,174	37,946,200
1972	3,915,395	39,585,000
1973	4,274,286	43,161,600
1974	4,410,972	41,388,200
1975	4,298,580	39,930,200
1976	4,700,000	43,680,000

Source: San Diego International Airport.

Utilities

The San Diego Gas and Electric Company provides electric power and natural gas in the City of San Diego and other communities in the coastal area

of the county. Telephone service is provided by Pacific Telephone Company, which established the San Diego division as a separate operating division to meet increasing demands for service.

Water service is supplied by the City of San Diego. An adequate supplemental water supply is available from the Metropolitan Water District of Southern California via the San Diego County Water Authority. The Metropolitan Sewerage System of the City of San Diego furnishes sewerage service in the city and surrounding developed areas.

Education

As noted previously, the San Diego Unified School District serves most of the City of San Diego. Portions of the city are within two other unified school districts, four high school districts, and 14 elementary school districts.

Community colleges in California are locally operated and administered two-year institutions beyond high school. They offer the Associate in Arts and Associate in Science certificates and have extensive vocational curricula. With the required credits, a student may transfer to a four-year institution in the junior year.

There are five community college districts in Metropolitan San Diego. In 1975/76 these districts reported a combined enrollment of 80,098 students at eight campuses. The San Diego Community Colleges District operates four campuses in San Diego: San Diego City College (enrollment 5,488), San Diego Evening College (17,908), San Diego Mesa College (10,010), and San Diego Miramar College (1,034).

SAN DIEGO UNIFIED PORT DISTRICT

Marine Commerce

Year Ended June 30	Tons			
	Import	Export	Domestic	Total
1970	271,896	648,973	378,981	1,299,850
1971	252,369	626,878	513,598	1,392,845
1972	279,597	346,592	800,635	1,426,824
1973	359,437	447,635	797,098	1,604,170
1974	493,809	694,807	702,815	1,891,431
1975	318,058	981,418	579,670	1,879,146
1976	214,830	641,612	840,560	1,697,002

Source: San Diego Unified Port District.

Other community colleges in the county are Grossmont College in El Cajon (16,208), Palomar College at San Marcos (12,987), Southwestern College in Chula Vista (12,572), and Mira Costa College in Oceanside (3,891).

Among the four-year institutions of higher education in Metropolitan San Diego are the University of California at San Diego (8,808 students), San Diego State University (31,557), University of San Diego (3,095), United States International University (1,953), Point Loma College (1,460), National University (1,249), and Western State University College of Law (1,182).

The University of California at San Diego offers graduate and undergraduate instruction at four colleges—Revelle College, John Muir College, Third College, and Fourth College. The campus serves as headquarters for the University's Institute of Marine Resources and includes the long-established and celebrated Scripps Institution of Oceanography. There is a School of Medical and Health Sciences, which enrolls 790 in addition to the enrollment total shown above.

San Diego State University offers the bachelor's degree in 64 fields, and the master's degree in 50. There are doctorate programs in chemistry, genetics and ecology at this campus. The University also operates an Off Campus Center at Callexico, in Imperial County. This campus enrolled 442 students in the fall of 1975.

The University of San Diego (Catholic) offers the Master's degree in ten fields and awards the Juris Doctor degree at its School of Law. United States International University, also a private institution, operates a school of the visual and performing arts.

Recreation

The San Diego area's mild, year-round climate and many attractions and recreation features have drawn millions of visitors annually from throughout the nation. The City of San Diego has responded to this with the building of the Downtown Community Concourse, the \$6,500,000 Sports Arena, and the \$27,750,000 San Diego Stadium.

Balboa Park covers 1,400 acres in the center of the city and includes museums, art galleries, theatres and recreation areas, in addition to miles of garden walks. Covering 128 acres within the park is the San Diego Zoo, which has one of the largest collections of wild animals on display in the world. The San Diego Planetarium Authority has constructed a Planetarium and Hall of Science on a three-acre site in Balboa Park. Near the center of the Park is the International Aerospace Hall of Fame, which is co-located with the San Diego Aerospace Museum.

Mission Bay Park is a 4,600-acre joint public and private development including hotels and motels, marinas, restaurants and Sea World, which offers performances by whales, porpoises and a variety of sea animals, as well as Japanese pearl divers and hydrofoil rides on Mission Bay.

There are 74 golf courses in San Diego County, including the championship Torrey Pines and La Costa courses, scene of the San Diego Open and Tournament of Champions, respectively.

A major attraction is the proximity to Mexico, where the visitor can attend greyhound and thoroughbred racing, jai alai, and bullfights. Beaches, mountains, and desert areas of the county are within convenient driving distance for residents of the District.

Sea World and adjoining recreational attractions in Mission Bay Park.



METROPOLITAN SAN DIEGO

Metropolitan San Diego (San Diego County), an important industrial, military, research and oceanographic center, is one of the fastest growing areas of the United States. The Metropolitan Area extends 70 miles along the Pacific Coast from the Mexican border to Orange County. It is bounded on the northeast by Riverside County and extends inland 75 miles to Imperial County. Encompassing 4,255 square miles, the county is approximately the size of the State of Connecticut. The San Diego area is one of the oldest settled sections of the United States. The Bay of San Diego was discovered in 1542 by the Spanish explorer Cabrillo, and in 1769 Father Junipero Serra founded the Mission San

Diego de Alcalá, the first in the chain of 21 California missions.

The county is governed by a five-member Board of Supervisors elected to four-year terms in even numbered years by district voters in non-partisan elections.

Topography varies from broad coastal plains to fertile inland valleys and mountain ranges to the east, rising to an elevation of 6,500 feet. Eastern slopes of these mountains form the rim of the Anza-Borrego Desert and the Imperial Valley. Climate is equable in the coastal and valley regions where most of the population and resources are located. Maximum daily temperatures along the coast average 70.8° and mean temperatures vary only 14° between the warmest and coldest months. Average annual rainfall in the coastal areas is approximately ten inches.

Growth is evident in the summary of economic indicators presented on page 47. Population, employment, and electric power consumption have registered significant gains. Taxable sales, bank debits, and value of manufactures, although subject to inflationary bias, also show strong increases.

University of California at San Diego.



METROPOLITAN SAN DIEGO

Summary of Selected Economic Indicators

(in thousands)

Indicator	1972	1973	1974	1975	1976
Population (July 1)	1,423	1,474	1,519	1,594	1,620
Assessed Valuation	\$ 3,482,822	\$ 3,853,613	\$ 4,362,536	\$ 5,031,618	\$ 5,690,643
Building Permit Valuation	\$ 992,578	\$ 750,248	\$ 705,257	\$ 677,476	\$ 1,278,578
Taxable Sales	\$ 3,293,149	\$ 3,833,391	\$ 4,296,856	\$ 4,740,460	\$ 5,395,786
Value of Manufactured Products	\$ 1,822,000	\$ 2,165,000	\$ 2,446,000	\$ 2,940,800	N.A.
Bank Debits	\$46,332,449	\$55,564,422	\$69,783,650	\$85,509,206	\$99,596,521
Wage and Salary Employment .	424	452	467	475	488
Electric Consumption (Kwh) .	7,001,214	7,489,360	7,347,300	7,801,589	8,440,098

Sources: San Diego Economic Research Bureau and Security Pacific Bank.

Agriculture

San Diego County ranks among the top agricultural counties in the United States. Farm production approximates \$280 million yearly, with animal products, vegetables, fruits, and nursery products forming the bulk of gross agricultural output. Eggs, tomatoes, avocados, valencia oranges, and milk are the most important individual farm products, accounting for over 63 percent of gross value in 1975.

Cultivated acreage in the county amounted to over 68,000 acres in 1975. Employment in agriculture

generally ranges between 9,000 and 11,500 persons yearly.

The present drought in northern and central California has not yet had an adverse effect on agriculture in San Diego County. It is not possible to predict the effect of the drought, if it continues, on County agriculture.

Annual summaries of agricultural production in the county since 1972 are presented below. Vegetables and animal products (largely milk and eggs) have experienced the strongest growth rates in this period.

SAN DIEGO COUNTY

Gross Value of Agricultural Production

Commodity	1972	1973	1974	1975	1976①
Field crops	\$ 1,126,200	\$ 3,084,800	\$ 2,727,350	\$ 3,702,300	\$ 3,985,000
Fruits and nuts	40,624,300	56,913,000	54,033,610	75,656,510	56,260,000
Vegetables	35,980,200	41,184,300	60,339,000	67,893,000	68,464,000
Nursery products	31,055,000	37,283,000	40,135,000	61,089,000	59,033,000
Livestock and poultry	14,327,000	10,274,000	9,686,000	10,953,000	9,107,000
Animal products	44,365,000	69,403,000	72,640,000	72,105,000	80,130,000
Apiary	33,000	1,200,000	300,000	836,000	395,000
Total	\$167,510,700	\$219,342,100	\$239,860,960	\$292,234,810	\$277,374,000

① Preliminary.

Source: County Department of Agriculture, Weights, and Measures.

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Management's Comments on Lease Accounting Policy

The Corporation has adopted the financing method of accounting for the facility leases entered into with San Diego Unified School District. The Corporation, therefore, has recorded a contract receivable from the District. Under the financing method of accounting, each rental payment received from the District will be allocated between principal and interest. The principal portion will be used to reduce the contract receivable from the District and the interest portion will be recorded as income to the Corporation. The loss of \$1,777,572 from operations for the period December 23, 1974 (inception) to June 30, 1976 is a result of recording the interest on the bonds as an expense while recognition of the interest income portion of the lease payments did not begin until the first lease payment was received in December, 1976. *Funds to pay the bond interest expenses due before the loan payments began were provided from initial bond proceeds.*

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**SAN DIEGO UNIFIED SCHOOL DISTRICT
PUBLIC SCHOOL BUILDING CORPORATION**

FINANCIAL STATEMENTS

**December 23, 1974 (inception) to June 30, 1976
(With Accountants' Report Thereon)**

Board of Directors
San Diego Unified School District
Public School Building Corporation:

We have examined the balance sheet of San Diego Unified School District Public School Building Corporation as of June 30, 1976, and the related statement of operations and accumulated deficit and changes in financial position for the period December 23, 1974 (inception) to June 30, 1976. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of San Diego Unified School District Public School Building Corporation at June 30, 1976 and the results of its operations and changes in its financial position for the period December 23, 1974 (inception) to June 30, 1976, in conformity with generally accepted accounting principles applied on a consistent basis.

PEAT, MARWICK, MITCHELL & CO.

San Diego, California
September 17, 1976

**SAN DIEGO UNIFIED SCHOOL DISTRICT
PUBLIC SCHOOL BUILDING CORPORATION**

BALANCE SHEET

June 30, 1976

ASSETS

Current assets:

Cash with fiscal agent	\$ 1,054
Investments (Note 3)	13,995
Current portion of contracts receivable	700,000
Accrued interest receivable	922
Total current assets	<u>715,971</u>

Restricted assets:

Revenue bond debt service:

Cash with fiscal agent	\$ 12,290	
Time certificates of deposit	2,980,000	
Investments (Note 3)	3,006,083	
Accrued interest receivable	181,690	6,180,063

Revenue bond reserve:

Cash with fiscal agent	1,262	
Investments (Note 3)	7,288,427	
Accrued interest receivable	142,900	7,432,589

Revenue bond construction:

Cash with fiscal agent	171,662	
Time certificates of deposit	6,820,760	
Investments (Note 3)	7,705,211	
Accrued interest receivable	395,635	15,093,268

Total restricted assets	<u>28,705,920</u>	
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Contracts receivable, excluding current portion (Note 4)	48,659,088	
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Unamortized bond discount	504,667	
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Unamortized bond issue costs	286,944	
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\$78,872,590

LIABILITIES AND ACCUMULATED DEFICIT

Current liabilities (payable from restricted assets):

Construction contracts payable	\$ 2,230,627
Construction retentions payable	2,814,830
Current portion of revenue bonds payable	550,000
Accrued interest payable	3,354,705

Total current liabilities	<u>8,950,162</u>
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Revenue bonds payable, excluding current portion (Note 5)	71,700,000
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Total liabilities	<u>80,650,162</u>
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Accumulated deficit (Note 4)	(1,777,572)
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\$78,872,590

See accompanying notes to financial statements.

**SAN DIEGO UNIFIED SCHOOL DISTRICT
PUBLIC SCHOOL BUILDING CORPORATION**

STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT

Period December 23, 1974 (inception) to June 30, 1976

Interest income from investments		\$ 2,564,868
Expenses:		
Interest expense	\$4,321,448	
Amortization of bond issue costs	11,467	
Trustees' fees	9,475	
Other	50	
Total expenses		<u>4,342,440</u>
Net loss and accumulated deficit for the period ended June 30, 1976 (Note 4)		<u>\$ (1,777,572)</u>

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN FINANCIAL POSITION

Period December 23, 1974 (inception) to June 30, 1976

Sources of working capital:		
Proceeds from sale of revenue bonds less current installments of \$550,000	\$71,700,000	
Increase in current liabilities (payable from restricted assets)	8,950,162	
		<u>\$80,650,162</u>
Uses of working capital:		
Net loss	\$ 1,777,572	
Revenue bond proceeds recorded as:		
Increase in revenue bond debt service assets	6,180,063	
Increase in revenue bond reserve assets	7,432,589	
Increase in revenue bond construction assets	15,093,268	
Contracts receivable, less current portion of \$700,000 (Note 4)	48,659,088	
Unamortized bond discount	504,667	
Unamortized bond issue costs	286,944	
Increase in current assets	715,971	
		<u>\$80,650,162</u>

See accompanying notes to financial statements.

**SAN DIEGO UNIFIED SCHOOL DISTRICT
PUBLIC SCHOOL BUILDING CORPORATION
NOTES TO FINANCIAL STATEMENTS**

June 30, 1976

(1) Summary of Significant Accounting Policies

(a) *Basis of Accounting:*

The San Diego Unified School District Public School Building Corporation operates and reports as an enterprise utilizing the accrual method of accounting.

(b) *Investments:*

Investments are stated at cost, adjusted for amortization of discount or premium, which approximates market.

(c) *Lease Accounting:*

The facility leases are accounted for under the financing method. Accordingly, the Corporation has recorded a contract receivable from the San Diego Unified School District (District). See note 4.

(d) *Bond Discount and Issue Costs:*

Bond discount and issue costs are deferred and amortized on the straight-line method over the life of the bonds.

(2) Organization

The San Diego Unified School District Public School Building Corporation was incorporated December 23, 1974, under the General Nonprofit Corporation Law of the State of California to provide financing for the acquisition and construction of public school buildings which will be leased to San Diego Unified School District. Upon dissolution of the Corporation, after the payment of all liabilities, all remaining assets of the Corporation will be paid or distributed to the District. See notes 4 and 5.

(3) Investments

A summary of investments follows:

	<u>Cost</u>	<u>Market Value</u>
General operations:		
United States Treasury bills	\$ 13,995	\$ 14,942
Revenue bond debt service:		
United States Treasury bonds	\$1,334,819	\$1,343,635
Other United States Government obligations	263,801	263,310
United States Treasury bills	47,463	48,495
Held by bank under repurchase agreement	1,360,000	1,360,000
	<u>\$3,006,083</u>	<u>\$3,015,440</u>
Revenue bond reserve:		
United States Treasury bonds	\$ 22,281	\$ 22,340
Federal National Mortgage Association debentures	7,266,146	7,313,637
	<u>\$7,288,427</u>	<u>\$7,335,977</u>
Revenue bond construction:		
United States Treasury bills	\$5,919,150	\$5,992,211
United States Treasury bonds	31,159	31,132
Other United States Government obligations	424,902	424,110
Held by bank under repurchase agreement	1,330,000	1,330,000
	<u>\$7,705,211</u>	<u>\$7,777,453</u>

All investments at June 30, 1976 mature within one year, except \$22,281 of United States Treasury bonds which mature in five to nine years and \$7,266,146 of Federal National Mortgage Association debentures, which mature in three to nine years.

**SAN DIEGO UNIFIED SCHOOL DISTRICT
PUBLIC SCHOOL BUILDING CORPORATION**

NOTES TO FINANCIAL STATEMENTS—(Continued)

(4) Facility Leases and Contract Receivable

The Corporation has leased the sites for the new public school buildings from the District for an annual rental payment of \$2. These site leases terminate December 1, 2000 and 1995 for projects constructed under Series A and B bonds, respectively.

Under the terms of the two facility leases, the Corporation leases the sites together with the public school buildings constructed by the Corporation to the San Diego Unified School District. The facility leases terminate November 30, 2000 and 1995 for Series A and B bonds, respectively, or when the bonds have been fully paid. These leases provide that the lease payments will be made on a semi-annual basis on December 15 and June 15 of each year beginning December 15, 1976 and 1977 for Series A and B, respectively. Semi-annual rental will be \$1,669,640 for facilities constructed under Series A bonds and \$1,809,668 under Series B bonds.

The terms of these facility leases provide for full recovery by the Corporation of its cost of the public school buildings, together with interest and expenses. Income from these facility leases will be recognized under the financing method. Aggregate income from this type of lease is total rentals, less cost of the buildings; this income will be recorded in decreasing amounts which results in an approximate level rate of return on the unrecovered investment. This income from these facility leases will be recognized over the life of the leases starting with the first rental payment to be received in December 1976. The revenue bond interest payable during construction is recorded as an expense.

The Corporation has recorded a contract receivable at June 30, 1976 which is summarized as follows:

Aggregate scheduled rental payments	\$145,290,700
Less unearned income	91,192,169
Contract receivable (equivalent to total estimated construction costs)	54,098,531
Less estimated future construction costs	4,739,443
Contract receivable at June 30, 1976	49,359,088
Less current portion	700,000
Contract receivable excluding current portion	<u>\$ 48,659,088</u>

(5) Revenue Bonds Payable

The Corporation has issued two series of revenue bonds in the principal amount of \$72,250,000.

Series A bonds in the principal amount of \$37,250,000 are dated July 1, 1975 and were issued in denominations of \$5,000, with interest rates from 6.2% to 8%. Interest is payable semi-annually on January 1 and July 1. The bonds consist of \$8,250,000 serial bonds due 1977 through 1986 and \$29,000,000 term bonds maturing in 2000. The Series A bonds mature on July 1 in years shown below:

Maturity Date July 1	Principal Amount	Interest Rate	Maturity Date July 1	Principal Amount	Interest Rate
1977	\$ 550,000	8.00%	1983	\$ 900,000	8.00%
1978	600,000	8.00	1984	1,000,000	8.00
1979	650,000	8.00	1985	1,050,000	7.75
1980	700,000	8.00	1986	1,150,000	6.20
1981	800,000	8.00	2000	29,000,000	7.20
1982	850,000	8.00			

**SAN DIEGO UNIFIED SCHOOL DISTRICT
PUBLIC SCHOOL BUILDING CORPORATION**

NOTES TO FINANCIAL STATEMENTS—(Continued)

(5) Revenue Bonds Payable, Continued

Series B bonds were issued in the principal amount of \$35,000,000 dated October 1, 1975 with interest rates from 7% to 8%. Interest is payable semi-annually on January 1 and July 1. The issue consists of \$15,300,000 serial bonds due 1978 through 1988 and \$19,700,000 term bonds maturing in 1995. The Series B bonds mature on July 1 in years shown below:

<u>Maturity Date July 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity Date July 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
1978	\$ 900,000	8.00%	1984	\$ 1,450,000	8.00%
1979	1,000,000	8.00	1985	1,600,000	7.30
1980	1,050,000	8.00	1986	1,700,000	7.00
1981	1,150,000	8.00	1987	1,850,000	7.10
1982	1,250,000	8.00	1988	2,000,000	7.20
1983	1,350,000	8.00	1995	19,700,000	7.50

Except in the event of destruction or condemnation of the project, bonds maturing on or before July 1, 1986 and 1988 are not subject to call or redemption prior to their fixed maturity dates, for Series A and B, respectively. Bonds maturing on or after July 1, 2000 and 1995 are subject to call and redemption, at the option of the Corporation, as a whole or in part, by lot from any source of available funds, on January 1, 1987 and 1989, for Series A and B, respectively, or on any interest payment date thereafter. The bonds are redeemable at par plus accrued interest and a premium equal to one-fourth of one percent for each year or fraction of a year from the redemption date to the maturity date not to exceed 3½%.

Bond principal and interest coming due each year is payable from semi-annual lease payments by the San Diego Unified School District for use of the facilities. Revenue to meet the lease obligations of the District is derived from a voter approved maximum annual tax rate increase of \$0.383 per \$100 assessed valuation over the period 1975/76 to 2002/03 for the purpose of purchasing school sites not then owned by the District, preparing plans and specifications, and leasing the fully furnished facilities. Obligations under Series A and B will require approximately \$0.145 and \$0.143, respectively, of the \$0.383 approved maximum tax rate to meet lease obligations for the year ended June 30, 1977.

(6) Trustee

Under the terms of the Indenture Agreement, the trustee will receive and disburse all bond proceeds and income of the Corporation. The trustee will also act as paying agent and as bond registrar for the Corporation.

The Indenture Agreement also provides for the establishment of special accounts, all to be held and administered by the trustee. Proceeds from the sale of the bonds were deposited with the trustee and recorded in the special accounts as set forth in the accompanying financial statements.

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